



DIGITALLY SUSTAINABLE

SUSTAINABILITY REPORT
2014-2015



HDFC BANK

We understand your world

In accordance with GRI G4 Comprehensive



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HDFC BANK



HDFC BANK

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MESSAGE FROM THE MANAGING DIRECTOR



Dear Stakeholders,

HDFC Bank has always operated with the mission of being a 'World Class Indian Bank'. In line with this thought we had released our first Sustainability Report last year, highlighting our performance in areas that we have been able to create major economic, environmental and social impact. Continuing our journey, it is my pleasure to present to you our second Sustainability Report.

Our business philosophy is based on the five core values of Operational Excellence, Customer Focus, Product Leadership, People and Sustainability. Guided by these values, we have been able to achieve steady financial growth and increase our geographical reach significantly (with 11,766 ATMs, 4,014 branches in 2,464 cities / towns as of March 31, 2015). In the last financial year, as the economy showed signs of revival, we achieved a consolidated revenue growth of 18.9% and growth in profit after tax of 20.5%. With our continued focus on inclusive banking, 52% of our new branches were set up in semi-urban and rural areas.

Since the bank's inception, we have strived to anticipate and meet the customer's evolving needs by offering innovative products and services. We have digitally empowered our customers by integrating technology into all our services, starting from the first branch being backed by real-time transactions through core banking. This year, with the launch with our 'Go Digital- *Bank Aapki Muthhi Mein*' campaign, we have reinforced our position as one of the country's leading full-service digital bank.

Customer convenience lies at the heart of all our digital banking initiatives. With our NetBanking service offering 175+ transactions, the bank is virtually available to our customers, any time of the day or night, at the click of a button. Our MobileBanking, with 75+ services, offers the widest range of transactions to customers and turns a mobile phone into a bank branch.

Our digital banking offering complements our branch network to take services to remote corners of the country. Even with a basic feature phone, without internet connection, customers can avail advantages of SMS and Missed Call Banking. These digital banking initiatives are aimed at enriching customer experience and engagement through innovative and secure channels.

The impact of digital banking spans well beyond the customer banking needs, and also contributes towards social and environmental advantages. As more and more customers are on-boarded on digital transaction platforms, we aim to significantly reduce our material consumption in the years to come.

Through our CSR initiatives, we have reached out and impacted many lives. Our flagship Sustainable Livelihood Initiative has covered approximately 3.92 million households spread across 333 districts in 25 states. Our capacity building and training programmes for entrepreneurs covered 0.3 million participants. With the aim on having every child in school, we have reached out to about 27,000 students through a multitude of projects. We have always focused on financial inclusion and with the launch of *Pradhan Mantri Jan Dhan Yojana* (PMJDY), our efforts in this area have accelerated further. We covered 100% of the target households under PMJDY, reaching out to 1449 wards across 1400 villages. Our Yamunanagar Branch was also honoured as the 'Best Branch' by Ministry of Finance for total deposits mobilised under PMJDY in October 2014.

As we embark on our journey to a future that is 'Digitally Sustainable', we are committed to growth focused on our triple bottom line performance.

Aditya Puri
Managing Director, HDFC Bank

MESSAGE FROM THE DEPUTY MANAGING DIRECTOR



gy has taken a giant leap and transformed the face of Banking, it is our employees, who drive the inner strength of the organisation and help us grow steadily year on year.

With Sustainability as one of our core values, we continue to enhance our engagement with our stakeholders while also giving equal focus to our economic, environmental and social performance. We are committed to embedding elements of Sustainability not only in our operations but also our products and services.

Paresh Sukthankar
DMD, HDFC Bank

It gives me great pleasure to bring to you HDFC Bank's second Sustainability Report; a reflection of our efforts to converge inclusive growth and digital empowerment.

Over the last few years, we have made numerous efforts to digitise all our operations and incorporate elements of social inclusiveness and environmental conservation in our business. Our journey has been quite successful, with the share of Internet and Mobile transactions increasing at a significant rate. We have been able to reach out to many more remote locations and unbanked customers this year than ever before. We have actively participated in the Prime Minister's mission of financial inclusion through the **Pradhan Mantri Jan Dhan Yojana** (PMJDY) and put in our efforts to increase the reach of banking to every household. The total number of Basic Banking Saving Deposit accounts (BSBDA) has increased by 79.4% over the last year with 49.4 lakh accounts (including those opened under PMJDY) as of March 31, 2015 as against 27.5 lakh as of March 31, 2014.

We continue to make substantial investments in our technology platforms and spread our electronically linked branch network. Our digital banking channels continue to increase day by day and help us not only in enhancing customer experience but also reducing our impact on the environment. Although technolo-

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ABOUT US

OUR BEGINNING

The Housing Development Finance Corporation Limited (HDFC), founded in 1977, is India's largest mortgage company. It was amongst the first few companies to receive 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector,

as part of RBI's liberalisation of the Indian Banking Industry in 1994. This led to our establishment; headquartered in Mumbai, we commenced our operations as a scheduled commercial bank in January 1995.

OUR VISION AND CORE VALUES

Our vision is to be 'A World Class Indian Bank'. This is being

achieved through our core values of:



OUR REACH

Our objective is to build sound customer franchises across the country as a distinct provider of banking services and to achieve healthy growth in profitability, consistent with our risk appetite.

Our distribution network as of March 31, 2015 stood at 4,014

branches in 2,464 cities and towns along with three (3) overseas branches in Bahrain, Hong Kong and Dubai. Customers across India are also serviced through multiple delivery channels such as Phone, Net, Mobile and SMS banking. As on 31st March 2015, our authorised share capital was Rs. 550 crore.

OUR PRODUCTS AND SERVICES

We cater to a wide range of banking services covering commercial and investment banking on the wholesale side and

transactional/branch banking on the retail side. Our products are divided into three key business segments:

RETAIL BANKING:

The objective of our Retail Banking segment is to provide its target market a full range of financial products and banking services – a one-stop-shop for all their banking requirements. These products are backed by our world-class service and delivered to customers through our growing branch network and digital banking platforms.

The HDFC Bank Preferred programme for high net worth individuals, the HDFC Bank Plus and the Investment Advisory Service programmes have

been designed keeping in mind needs of customers who seek distinct financial solutions, information and advice on various investment avenues. We also have a wide array of retail loan products including auto loans, loans against marketable securities, personal loans and loans for two-wheelers. We are also a leading provider of Depository Participant (DP) services for retail customers, providing them a facility to hold their investments in electronic form.

LOAN PRODUCTS

- Auto Loans
- Personal Loans
- Home Loans / Mortgages
- Commercial Vehicles Finance
- Retail Business Banking
- Credit Cards
- Loan against Gold
- 2-Wheeler / Consumer Durable Loans
- Construction Equipment Finance
- Loans against Securities
- Agri and Tractor Loans
- Education Loans
- Self Help Group Loans
- Joint Liability Group Loans
- Kisan Gold Card

DEPOSIT PRODUCTS

- Savings Accounts
- Current Accounts
- Fixed / Recurring Deposits
- Corporate Salary Accounts

OTHER PRODUCTS / SERVICES

- Depository Accounts
- Mutual Fund Sales
- Private Banking
- Insurance Sales (Life, General)
- NRI Services
- Bill Payment Services
- POS Terminals
- Debit Cards
- Foreign Exchange Services
- Broking (HDFC Securities Ltd)

WHOLESALE BANKING:

On the Wholesale Banking front, we are a leading provider of structured solutions, which combine cash management services with vendor and distributor finance for facilitating superior supply chain management. Based on our product delivery/service levels and strong customer orientation, we have made significant inroads into the banking

consortia of a number of leading Indian corporates including multinationals, companies from the domestic business houses and prime public sector companies. We are also the leading provider of transactional banking solutions to corporate customers, mutual funds, stock exchange members and banks.

Target Market

- Large, blue-chip manufacturing companies
- Small & mid-sized corporates and agri-based businesses

COMMERCIAL BANKING

- Working Capital
- Term Loans
- Bill / Invoice Discounting
- Forex & Derivatives
- Wholesale Deposits
- Letters of Credit
- Guarantees

TRANSACTIONAL BANKING

- Cash Management
- Custodial Services
- Clearing Bank Services
- Correspondent Banking
- Tax Collections
- Banker to Public Issues

INVESTMENT BANKING

- Debt Capital Markets
- Equity Capital Markets
- Project Finance
- M&A and Advisory

TREASURY:

The Treasury business is responsible for managing the returns and market risk on our investment portfolio. The treasury segment primarily consists of net revenues from the Bank's investment portfolio,

money market borrowing and lending, gains or losses on investment operations on account of trading in foreign exchange and derivative contracts.

Product Focus

- Foreign Exchange and Derivatives
- Local Currency Money Market & Debt Securities
- Equities

PRODUCTS /SEGMENTS

- Foreign Exchange
- Debt Securities
- Derivatives
- Equities

OTHER FUNCTIONS

- Asset Liability Management
- Statutory Reserve Management

OUR AWARDS AND RECOGNITIONS

Our achievements with respect to outreach and penetration with a wide range of products and services has helped us improve our business perfor-

mance year on year. This has led us to industry-wide recognition in the form of awards and accolades.



Finance Asia poll on Asia's Best Companies 2015



AIMA Managing India Awards 2015



J.P Morgan Quality Recognition Award



FE Best Bank Awards



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ABOUT THE REPORT

This report has been developed with the theme of 'Digitally Sustainable', so as to emphasise the impact of digital banking on various aspects of sustainability.

This is our second sustainability report aligned with the GRI G4 guidelines and the Financial Sector Supplement, and follows the 'In accordance - Comprehensive' criteria. We have appointed NextGen for advisory and development of this report, which has been externally assured by DNV-GL Business Assurance India Pvt.

Ltd following the Type 1 Moderate Assurance as per AA1000AS (2008) standard. We have adhered to the reporting principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness while developing this report.

As a part of the reporting and assurance process, detailed interactions were also held with heads of various departments including our DMD - Mr. Paresh Sukthankar, who is also a member of the CSR committee at the Board Level.

SCOPE AND BOUNDARY

This report covers our performance on social, environmental and economic parameters based on the GRI G4 guidelines and the financial sector supplement. The boundary of the report is our India operations only. Subsidiaries, associates

and foreign branches are not included in the scope of this year's report, as we currently do not capture information about their social and environmental performance.



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MATERIALITY ASSESSMENT

The materiality assessment process for the reporting year is aligned to the 'In accordance - Comprehensive' requirements of GRI G4 guidelines. The process was initiated by seeking our senior management's opinion on prioritisation of stakeholders and the environmental, social and economic issues material to the Bank. The top five stakeholders were

then engaged through multiple channels such as online surveys, Interactive Voice Response Systems, personal interactions amongst others to capture their feedback on our activities. The responses received were analysed to develop the materiality matrix; and the same was reviewed and validated by our senior management.

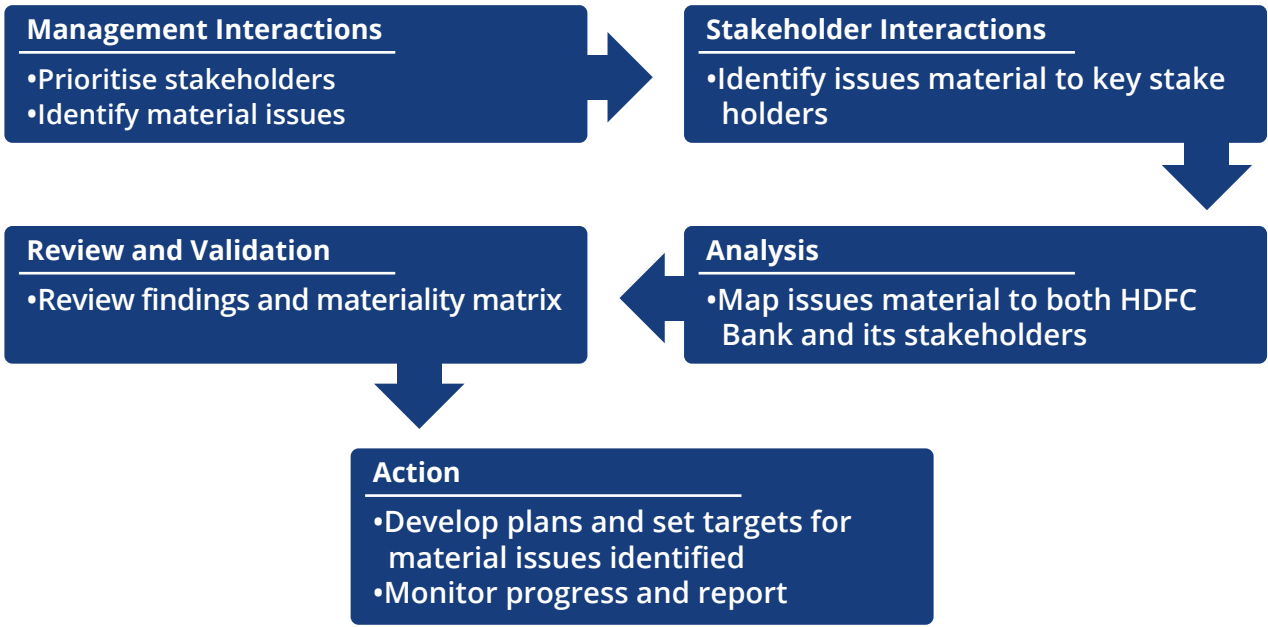
The top five stakeholders as identified are given below:



Key Stakeholders*

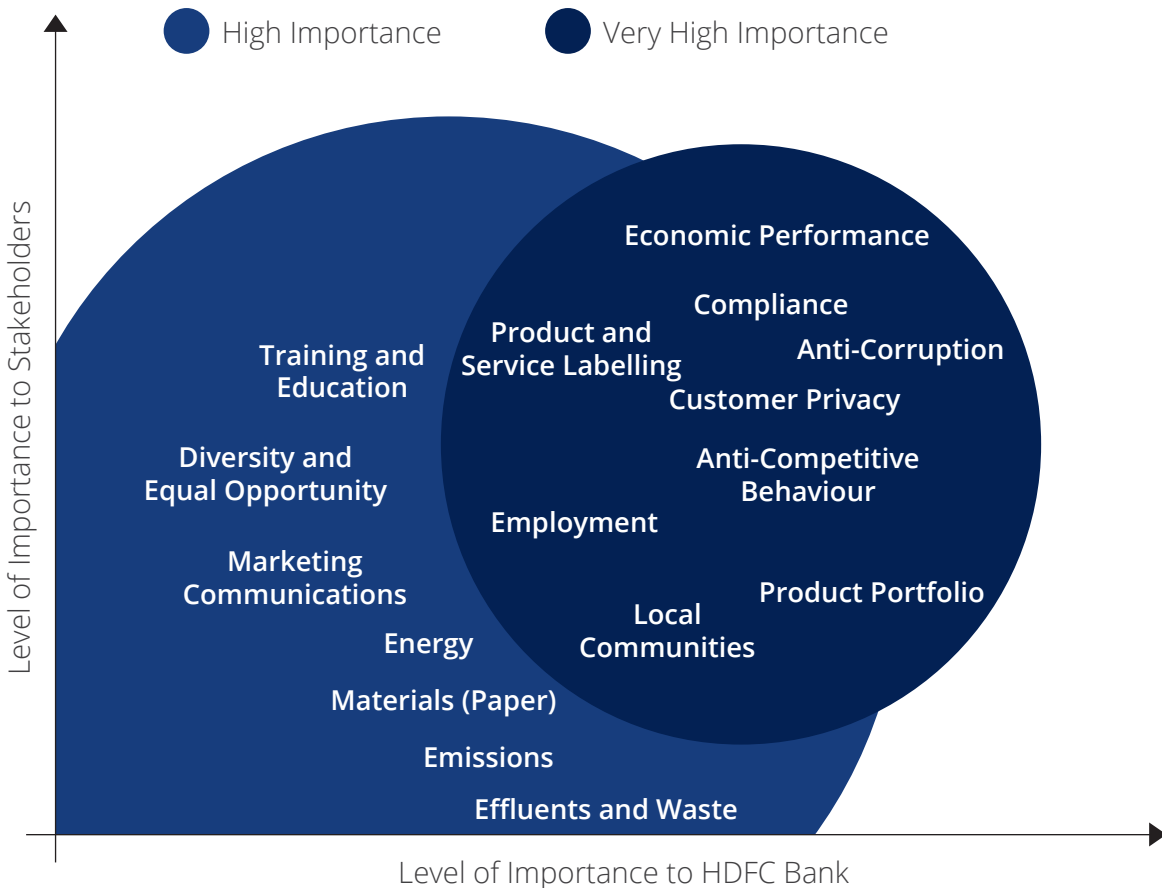
* The list of all stakeholders considered for prioritisation is available in the Annexures

The major steps adopted for Materiality Assessment are given below:



Materiality Assessment Process

Based on the above assessment, the following material issues were identified:



Materiality Matrix *

* The list of all the aspects considered for identification of issues material to stakeholders is available in the Annexures

The internal and external boundary for each of the aspect identified as material (beyond self) is given in the table below:

Material Aspect	Internal	External			
	Employees	Customers	Investors & Shareholders	Suppliers	NGOs & Beneficiaries
Economic performance	✓	✓	✓	✓	✓
Compliance	✓	✓	✓		
Anti-corruption	✓	✓	✓	✓	✓
Customer Privacy	✓	✓	✓	✓	
Product and service Labelling	✓	✓			
Employment	✓	✓			
Local Communities	✓		✓	✓	✓
Product Portfolio	✓	✓	✓		
Anti-competitive Behaviour	✓	✓	✓	✓	
Training & Education	✓	✓			
Diversity & Equal Opportunity	✓	✓	✓		
Marketing Communications	✓	✓	✓		
Energy	✓			✓	
Materials (Paper)	✓	✓		✓	
Emission	✓			✓	
Effluents & Waste	✓			✓	

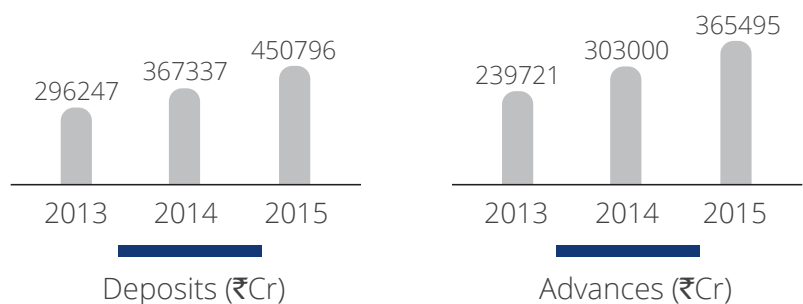
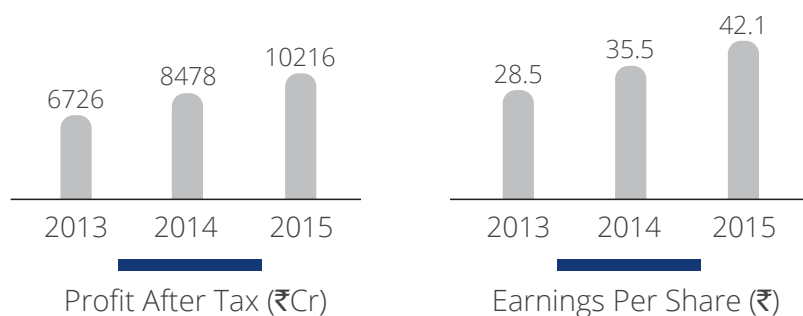
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OUR FINANCIAL PERFORMANCE

The domestic economy which had weathered a series of domestic and external headwinds over the previous two years, started consolidating in FY 2014-15. As efforts are on to overcome some of the policy and supply side challenges at a broader level, we have positioned ourselves well across the GDP spectrum and maintained healthy growth on the financial front. Being a leading player across retail loan categories with a focus on working

capital finance and trade services, our performance grew firmly with net profits increasing by 20.5% from Rs 8,478 crore in FY 2014 to Rs 10,216 crore in FY 2015. The major contribution towards this growth was achieved from increase in net interest income and other incomes. The largest component of other income was fees and commissions, which increased by 14.8% in comparison to last year.

Total Revenue	Rs 31,292.02 crore
Operating Costs	Rs 13,987.54 crore
Payments to and provisions for employees	Rs. 4,750.95 crore
Expenditure on Community Activities	1.2% of average net profit for the last three financial years
Retained Earnings	Rs 19,516.63 crore
Proposed Dividend	Rs. 2,005.20 crore



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PRINCIPLES OF GOVERNANCE

Our corporate governance framework is in compliance with the Companies Act 2013, the regulations and guidelines of the Securities and Exchange Board of India (SEBI) and the requirements of the listing agreements entered into with the Indian stock exchanges. We also comply with the standards of corporate governance set forth in 303A of the NYSE's Listed Company Manual.

We believe in adopting and adhering to the best-recognised corporate governance practices. We understand our role and responsibility towards our stakeholders and strive hard to meet their expectations. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, sustainability etc. serve as the means for implementing the philosophy of corporate governance in

letter and in spirit. Some of our Policies and Guidelines include:

- Code of Conduct/ Ethics
- Code of Practices and Procedure for Fair Disclosure
- Code of Corporate Governance
- Whistle Blower Policy
- Corporate Social Responsibility (CSR) policy
- Prevention and Redressal of Sexual Harassment of Women at workplace
- Communication and Marketing Policy



COMPLIANCE

We firmly believe in advocacy and adequacy of internal audit systems. We have in place extensive internal controls including audit trails, appropriate segregation of front and back office operations and post transaction-monitoring processes. The Audit and Compliance Committee of the Board reviews the performance and effectiveness of

controls and compliance with regulatory guidelines. To ensure independence, the internal audit function has a reporting line to the Chairman of the Audit and Compliance Committee of the Board with a dotted line reporting to the Managing Director. We also conduct audits every 6-15 months based on the categorisation of the risks involved.

RISK POLICY

Balancing risk reward trade-offs is crucial to our successful operations. Our Board of Directors endorse and approve our risk manage-

ment strategies and policies, which are supervised by the Risk Policy and Monitoring Committee (RPMC) of the Board on a regular basis.

BOARD OF DIRECTORS

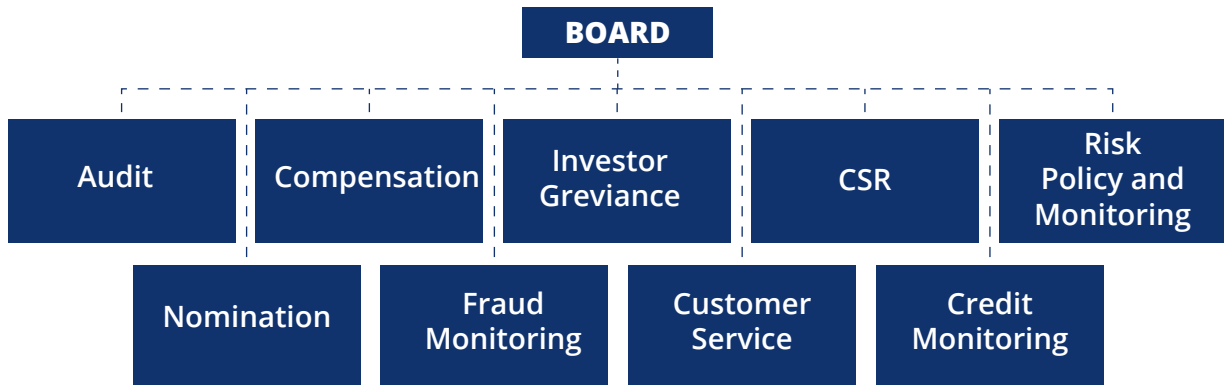
The provisions of Companies Act 2013, Banking Regulation Act 1949 and the listing requirements of the Indian Stock Exchanges, govern the composition of our Board. The Board currently has eleven (11) Directors and all except Mr. Aditya Puri, Mr. Paresh Sukthankar and Mr. Kaizad Bharucha, are non-executive Directors. In all, we have five (5) independent Directors and six (6) non-independent directors who provide strategic inputs on economic, environmental and social aspects of the Bank. Our Board also consists of a nomination committee

that makes recommendations to the Board on appointment of members to the Board based on their qualification, skills and experience. Our Code of Ethics ensures that there is no conflict of interest while appointing the Directors and in their functioning. We take care to ensure diversity and independence of our Board; while ensuring shareholder value, risk management, disclosure, stakeholder communication and effective compliance.

COMMITTEES OF THE BOARD

To safeguard the Bank and interest of its stakeholders, our Board has instituted various committees. Each of the committees, monitor and inspect the activities falling within their jurisdiction including concerns raised by stakeholders received through

various communication channels. These concerns are addressed by respective committees and subsequently put forward to the Board for discussion and redressal.



CSR POLICY

We have a Board level CSR committee that has been instituted in compliance with Section 135 of the Companies Act, 2013. The committee is responsible for formulating and reviewing our CSR policy and putting in place a transparent monitoring mechanism for reviewing our performance. Our Board approved CSR Policy serves as a guiding document to identify, execute and monitor CSR projects in line with the spirit of the Bank.

Our key strategy is to integrate our community development, social and environmental efforts; while also encouraging business' to include these aspects in their day to day operations.

We have also identified specific focus areas for CSR interventions as:

1. Empowerment through our Sustainable Livelihood Initiative
2. Financial literacy and inclusion
3. Education
4. Skill Training
5. Rural Development
6. Sanitation amongst others

Within these areas, the CSR team identifies projects and implementation partners which are reviewed and approved by the CSR Committee of the Board. Periodic reports to monitor and evaluate these projects are also provided to the CSR Committee of the Board.

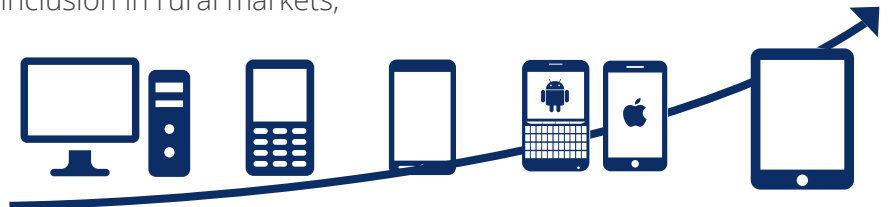
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DIGITAL FUTURE

The advent of technology has helped augment our efforts in empowering different segments of the society and move towards a more inclusive society. As part of 'Go Digital', we have launched '*Bank Aap Ki Muthhi Mein*', an initiative that virtually transforms a smart phone into a bank branch. It offers customers the option of carrying out a wide range of financial and non-financial transactions without the need to visit a branch or an ATM. With initiatives like the toll free and SMS banking, we have provided the benefits of digital banking even to customer without smartphones. Our Chillr app has also acted as an important tool for financial inclusion in rural markets,

users including migrant workers who remit money to their families back home in a secure manner.

Our objective is to build digital banking capabilities for the convenience and ease of banking for our customers. We want them to have the freedom to utilise the channels of their choice for all transactions. We plan to achieve this by implementing technology absorption at every stage of banking; building the digital capabilities of our offerings with the same banking experience, ease, level of engagement and product comprehensiveness as our face-to-face engagements.



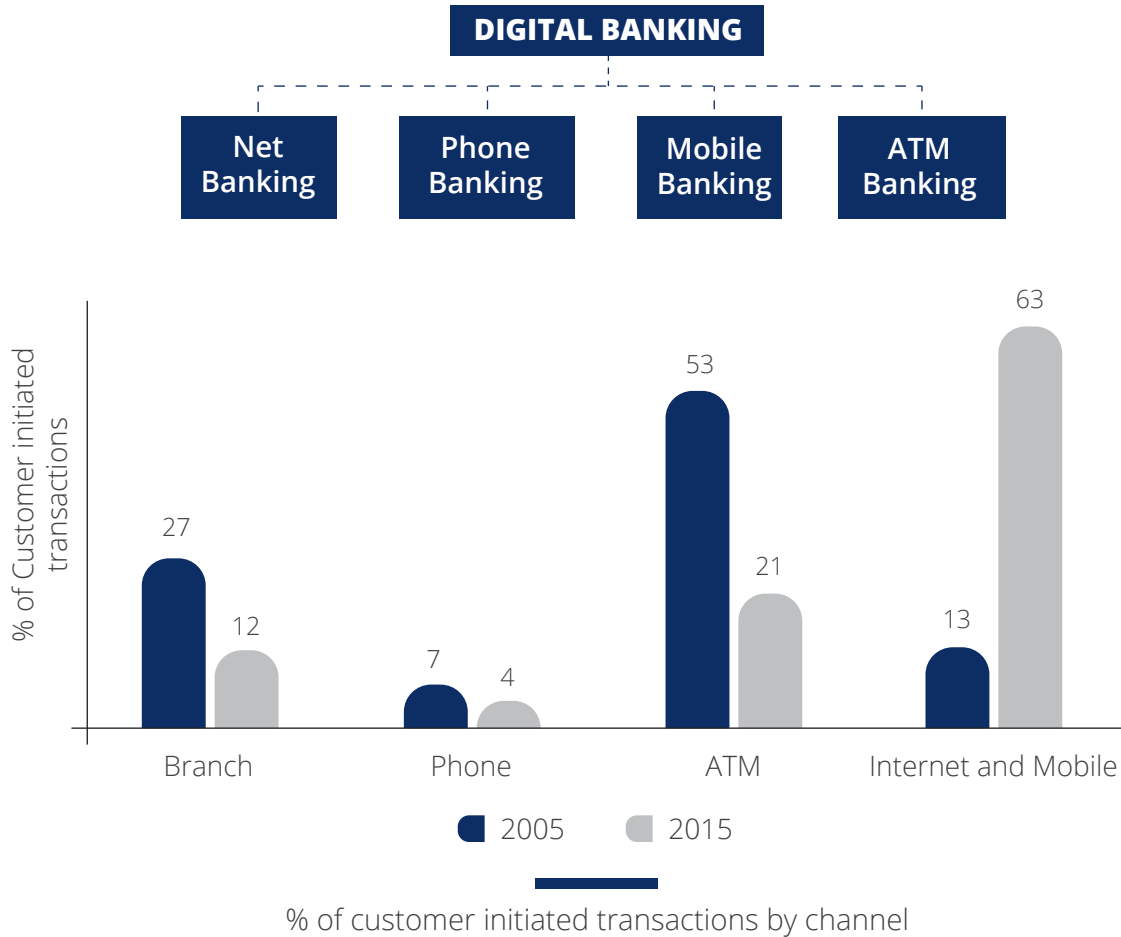
1999	2000	2011	2012	2013
We begin our digital foray	Extended banking services to mobile through SMS Banking	Launched Mobile site with the onset of browser friendly smartphones	Launched Mobile App across all platforms- iOS, Android, Windows & Blackberry	Launched Toll free banking to non-smartphone, rural & semi-urban user
Launched Net Banking Services				Also launched Tab App for tablet users

Our Digital Banking Journey



The four digital banking channels that are available to our customers are - Net, Mobile, Phone and ATM. We provide a number of products and

services through these digital banking channels, so as to reach our diverse pool of customers.



Technology absorption at various levels in the banking process has helped us shift a significant number of branch-based and ATM-based transactions to internet and mobile in a span of ten years. The total share of Internet and phone based transaction is about 63% of the total transactions that took place in FY 2014-15. We continue to make substantial investments in technology platforms

and systems and spread our electronically linked branch network. With real time data sharing between different branches and departments, our goal is to provide solutions encompassing all sections and offering all services based on customer needs through seamless, instant transactions from anywhere, anytime.

Net

- Smart-Buy
- ENet
- eCMS

Phone

- Missed call
- Toll free number

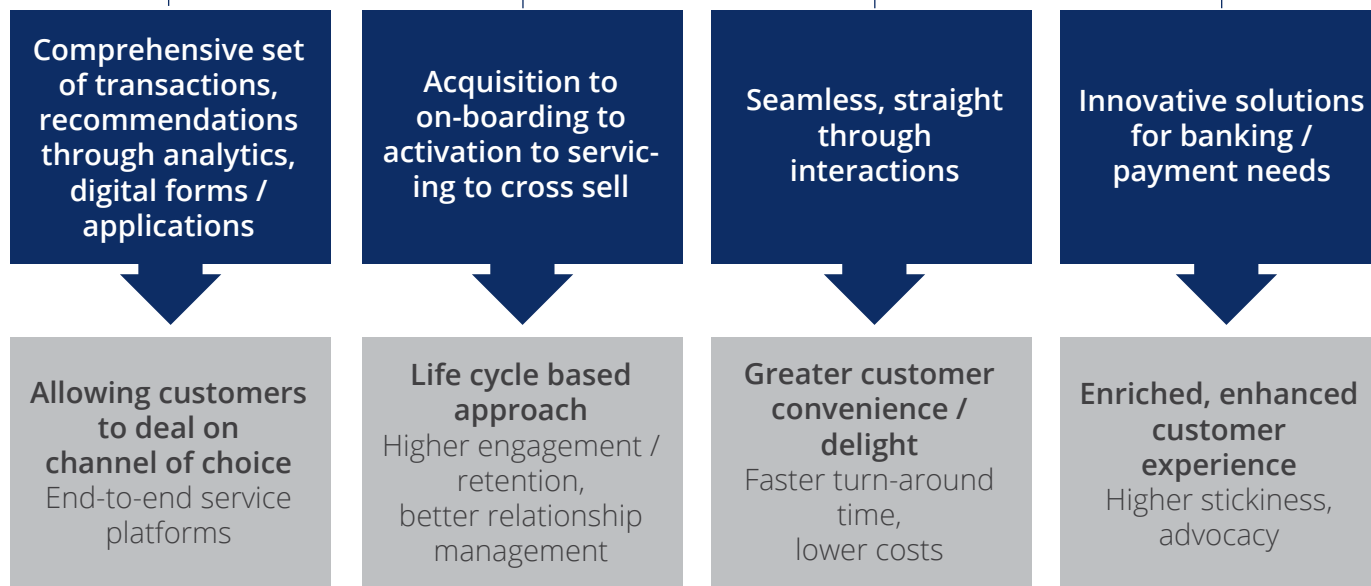
Mobile

- Chillr
- Hindi Android App

ATM

- Solar ATMs
- Milk-to-Money

25,77,445 CUSTOMERS STARTED USING DIGITAL BANKING SERVICES IN FY 2014-15



NEFT / RTGS Transactions
Highest RTGS volumes
Second highest NEFT transactions

Net Banking
175+ types of transactions
6.1 million active users

Mobile Banking
Highest Mobile Banking transaction volumes (by value)

POS and mPOS
Highest share of both issuance and acquiring market in India; **3 crore** txn pm

E-Commerce
Market Leader with 42% market share, -2.5 crore txn pm

Tax Collection
91% of tax collected through online mode.
CBDT / CBEC - Second largest in the country

NET BANKING

With an option to choose from more than 175 types of transactions, our Net Banking channel had 13.76 lakh registered customers, with 3.19 lakh active customers as of 31st March 2015. We have a record of the second highest NEFT transactions during FY 2014-15. We also provide various options for our diverse base of customers, like-

Smart-buy for retail customers- An online marketplace to help our customers avail offers extend-

ed by merchants and provide payment gateway solutions

ENet for merchants and corporates- An online payments and collection portal for small merchants

eCMS for large corporates- A tailor made online service offered to beneficiaries having fixed set of customers e.g dealers, investors, policy holders etc.

PHONE BANKING

We offer phone banking services through platforms like SMS, calls, toll free and Unstructured Supplementary Service Data (USSD). In addition to financial transactions, we also offer 11 non-financial transactions on SMS and 4 on toll free banking.

During FY 2014-15, we received 587.49 lakh calls from customers for making transactions, all of whom would have travelled to the branches without our phone banking facility.

MOBILE BANKING

Our Chillr and Mobile Banking app provide the flexibility of carrying out banking transactions from mobile phones to our customers. Mobile Banking usage has increased year-on-year with a rate of 88% (Mar '13 – Mar '15) accounting for the largest share i.e., 40% of the total value transacted over mobile phones in the country.

- **Mobile Banking App** provides our customers access to over 75 transactions anywhere, anytime through a secure gateway.
- **Chillr App** helps users in making instant finan-

cial transactions for transferring money to phone contacts.

Over 3 lakh Mobile Banking demos are given to employees and customers month-on-month at our branches to educate them on various aspects of mobile banking and its usage.

In fact, in FY 2014-15, the penetration of Mobile Banking increased by 92% in rural areas and by 76% in semi urban areas.



ATM BANKING

Approximately Rs. 1.78 lakh crore worth of transactions have been carried out through our ATMs in FY 2014-15. We also have many tailor made services and products as per customer segment in ATM Banking like our Milk to Money ATMs for dairy farmers.

The digital banking platform, spanning across four technical channels, is at the heart of all our operations, enabling us to be more sustainable, more inclusive and more empowering in our regular activities, always keeping us ahead of the curve.

DIGITAL BANKING AT WORK FOR PUNJAB GOVERNMENT GRAIN PROCUREMENT



Providing timely credit to the farming community is an important aspect of empowering Priority Sector Lending (PSL). We have specific products, focused on these areas like **The Agri Current Account**, keeping in mind the requirements of commission agents called 'Arthiyas'. This product targets the seasonal requirement of Arthiyas and provides them with much needed credit at the right time.

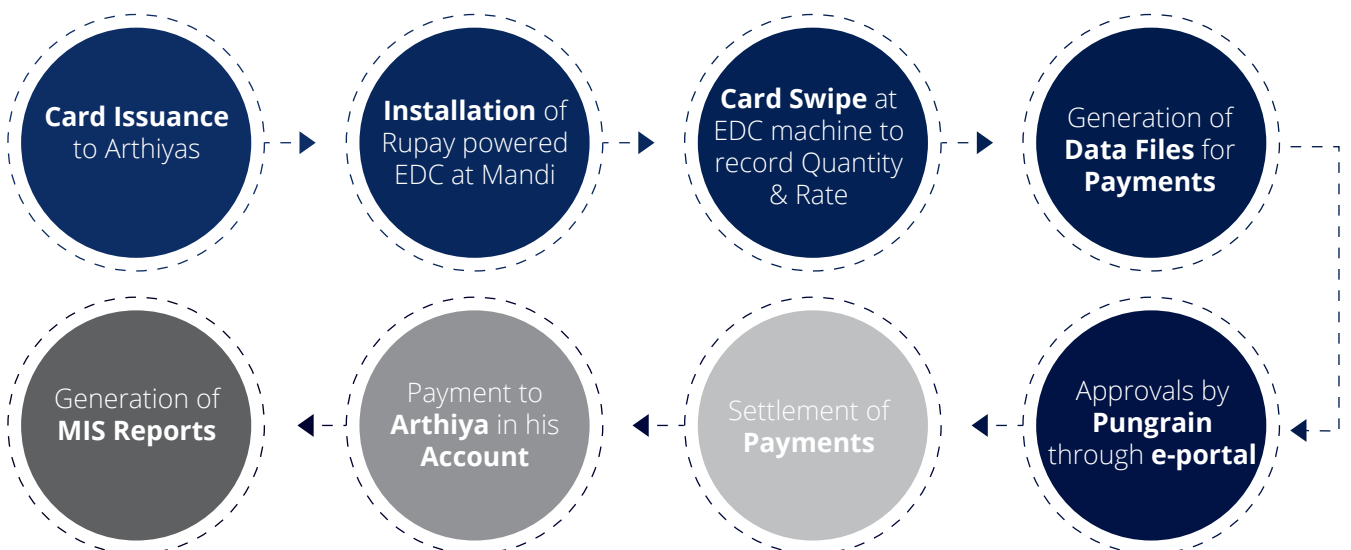
During the grain procurement season, Arthiyas collected the grains from farmers, and delivered them to mandis through challans, where it was verified by the district Mandi officer and approved by the inspector and Accounts officer. After all these processes were completed, the amount was credited to the farmers account through Cheques, DDs etc. The entire process of procurement to payment took 15-20 days. Through our digital banking solutions, we have simplified this entire process and reduced the time cycle from 15 days to 48 hours.

We have issued cards to Arthiyas and installed Rupay powered Electronic Data Capture (EDC) at the Mandi. With the swipe of a card at the Mandi, the EDC machine records quantity and rate of the grain procured and generates data files for payments. Pungrain approves these payments through e-portal and the payments are settled. Once the payments are settled, payment is made to the Arthiya in his account and MIS Reports are generated.



Complete process took 15 - 20 days for payment

Manual Process



Process Improvement from 15 days to 48 hr for payment

New Process

7

SOCIAL INVESTMENTS

SOCIAL INVESTMENTS

We have always taken an inclusive, empowering and responsible approach towards the marginalised sections of the society. We understand that financial inclusion of all sections of the society plays a major role in the economic growth of our country and have gone beyond the regulatory mandate to expand operations in the rural and semi-urban

areas. Through our empowerment programmes like the Sustainable Livelihood Initiative (SLI), we aim to support the weaker sections of the society, by not just helping them become financially inclusive but also helping them to get a source of sustained livelihood through our training and capacity building programmes.

INCLUSION

We have taken various measures to bring the economically weaker and geographically remote communities under the umbrella of banking. In FY

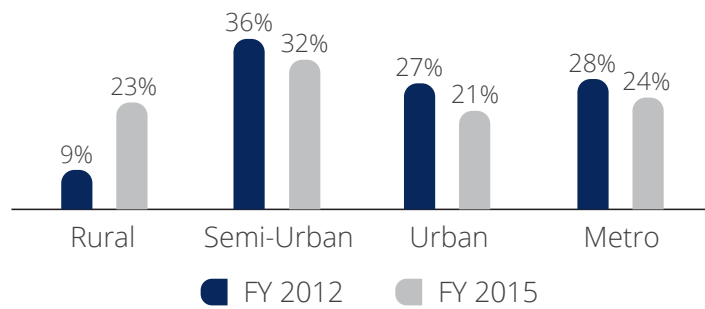
2014-15 we further strengthened our focus on Financial Inclusion under PMJDY, with the help of technology to expand our reach.



OUR RURAL PRESENCE

We have a strong network of 4,014 branches across 2,464 cities and towns of which 55% branches are located in semi-urban and rural locations. Out of the total customer base of 3.27 crore, around 42% customers come under priority sector lending and 12% are from the agricultural sector. 20 lakh customers were added in FY 2014-15.

Our Rural Initiatives Group (RIG) has been working hard to increasing our presence in the rural and semi-urban markets to meet the objective of financial inclusion and also to provide mainstream banking solutions to the last mile customers. RIG has been operating through the appointment of Business Correspondents and leveraging the supply chains of companies involved in agriculture and allied activities.



Percentage of Branches by Location

MULTIFUNCTION TERMINALS (MFT)

We have developed a customised technology solution for dairy farmers through which milk collection process has been integrated with the cash dispensing machines/ATMs called the Multi Functional Terminals (MFTs). We have deployed MFTs in dairy societies, where these MFTs link the milk procurement system to the farmer accounts directly, so as to facilitate same day payment. The MFT has a cash dispenser that functions as a standard ATM, thus

the farmer can withdraw the amount from his account immediately if needed. The entire process is managed by the society without any intervention by the Bank at the front-end. The transparency in the milk collection process benefits both the farmers and society as they get payments quickly, without the hassle of cash distribution. Currently, the Bank has deployed 147 such MFTs, benefitting more than 45,000 farmers.

MILK TO MONEY ATMS

Khambhisar was an unbanked village of Arravali District, about 15 km from our Modasa branch, having 400 households. Our team reached out to the village folk to understand the general ecosystem including the major occupation, household income etc. We understood that dairy farming was one of the key occupations of the villagers and the entire village was still running on cash economy, with a lot of inefficiencies. To help the villagers we conducted financial literacy sessions and made them understand the importance of banking and how it can help them improve their socio-economic conditions. We succeeded in bringing the village into the organised banking fold in 2011 by opening bank accounts. Further, in discussion with the Khambhisar milk society we installed the first MFT in 2013. Earlier the society was processing members' payment in cash but now with the MFT installed, the dairy

society directly routes the payments into the accounts of dairy farmers. Leveraging this concept, we have developed a cashless eco-system in the village and today these dairy farmers get access to various banking products like cattle loans, Kisan Gold Cards, two wheeler loans, fixed deposits etc. With these banking facilities the society's milk turnover has grown by 100% in the last 4 years from 3100 litre of milk in 2011-12 to 6200 litre of milk in 2014-15. Earlier this society was collecting 25 litre of milk in a day and now with our help, the society has started collecting more than 60 litre of milk per day and is targeting to cross 100 litre per day. This is one of the many examples showcasing the catalytic effect of technology in financial inclusion.



SUPPLY CHAIN

Under the supply chain model we engage with the farmer community that is linked to agricultural value chains such as sugar, dairy, fruits, vegetables etc. Under this model we partner with corporates who procure agricultural commodities from these farmers, and help them in opening savings bank accounts for all farmers and aggregators involved

in the entire value chain. To ensure a smooth on-boarding of the farmers, the entire account opening activity happens at the doorstep of the farmer and is facilitated by e-KYC on Micro ATM. All farmers linked to such an arrangement are also issued debit cards.

SUPPLY CHAIN MICRO ATM

Ramgarh was an unbanked village of Moga District, about 10 km from our Badni Kalan branch having about 600 households. We reached out to the villagers in order to understand their socio-economic conditions, post which we also conducted Financial Literacy Campaign (FLC) to create awareness on management of money, importance of savings, advantages of saving with banks, facilities provided and benefits of borrowing from banks. During the FLCs, we also shared the Missed Call Banking toll free numbers, through which they could do transactions like balance enquiry, ordering cheque books etc. Few members are also active on net banking and have registered some members with Bill Pay and mobile banking facilities.

We soon realised that these villagers sold their produce to agents, who in turn sold the produce to large multi-national corporations. This entire chain was untouched by technology and had inefficiencies. To improve the ecosystem, we reached out to Nestle, who procured from the farmers of the village and opened accounts for both the Nestle agents and the farmers. Today, in Ramgarh a total of 150 farmers are associated with the BCs and more than 75% of them get direct payments in their accounts. We have also installed micro ATM at the BC locations through which the farmers can withdraw their payments.



PRADHAN MANTRI JAN DHAN YOJANA (PMJDY)

To implement PMJDY, we mobilised resources from branches, Business Correspondents (BC) and other alternate channels. The implementation was strongly reinforced by technology where all BCs were equipped with Micro ATMs with an option of Aadhaar enabled and Rupay PIN based transactions. The integration of all these aspects enabled us to achieve the targets set by Department of Financial Services (DFS) well within the deadline.

1,449 urban wards and 453 SSA (around 1,400 villages) were allocated to us under PMJDY across 27 States, inclusive of 2 Union Territories. We completed the household survey within the timelines stipulated by the DFS. Account opening for all unbanked households was completed by 26th January 2015 with 100% unbanked households covered with bank accounts.

EMPOWERMENT

We, as a financial institution, acknowledge our responsibility in building sustainable communities. Our objective is not just to bring various sections under the banking fold by creating awareness about the importance of organised savings, but also to help them sustain through livelihood training and credit counselling. We engage communities

through our programmes like Sustainable Livelihood Initiative, cattle funding, Kisan Gold Card etc. These initiatives are designed not just to deliver banking services, but to make the society empowered. We have dedicated close to 10% of our workforce towards SLI implementation and management.

SUSTAINABLE LIVELIHOOD INITIATIVE (SLI)

SLI is our flagship programme that reaches out to people at the bottom of the pyramid by providing them with livelihood finance and skills training. It forms one of the primary pivots that drives our Board-mandated target to empower 1 crore families (5 crore Indians). Our model has empowered lakhs, particularly women in the rural parts of the country.

Through SLI we provide we provide both financial and non-financial offerings to our customers:

1. Financial offerings:
 - a. Enterprise lending programme
 - b. Basic savings bank deposit accounts
 - c. Micro recurring and Fixed deposits
 - d. Micro insurance
2. Non-Financial offerings:
 - a. Credit counselling
 - b. Financial literacy
 - c. Capacity building
 - d. Market linkages



Our strategy for SLI is to offer viable and timely credit on a sustainable basis through **enterprise lending programmes**, thereby displacing borrowing at usurious rates from money-lenders, ultimately resulting in the economic upliftment of our target customers.

With the **Basic Savings Bank Deposit Accounts (BSBDA)** we encourage the habit of savings. We also provide “ZERO BALANCE Accounts” to SHG/JLG groups and their members.

The **Micro Recurring and Fixed Deposit Savings** provides our customers the opportunity to grow their excess money in a safe manner for unforeseen circumstances. This also helps them establish a norm within the household that the funds are to be used only for emergencies/specific purposes.

The **Micro Insurance** coverage provides social security to our SLI customers and also helps in mitigating the associated credit risk. Till date the programme has covered 37 lakh members for an assured sum of Rs. 5,730 crore. The micro recurring deposit helps SLI customers to plan and



arrange to meet their future financial commitments and ensures better family development by providing for children's education, marriage and family's health without affecting the income generating enterprise.

Through the **financial literacy and counselling camps**, we educate people on banking and financial aspects. To accomplish this, we conduct financial counselling and training programmes right from the stage of customer acquisition up till credit linkage.

Through **Capacity Building**, skill based trainings are provided for upgradation/development of existing/ new livelihood activities for both on-farm and non-farm sectors. The impact assessment of our programmes is carried out periodically.

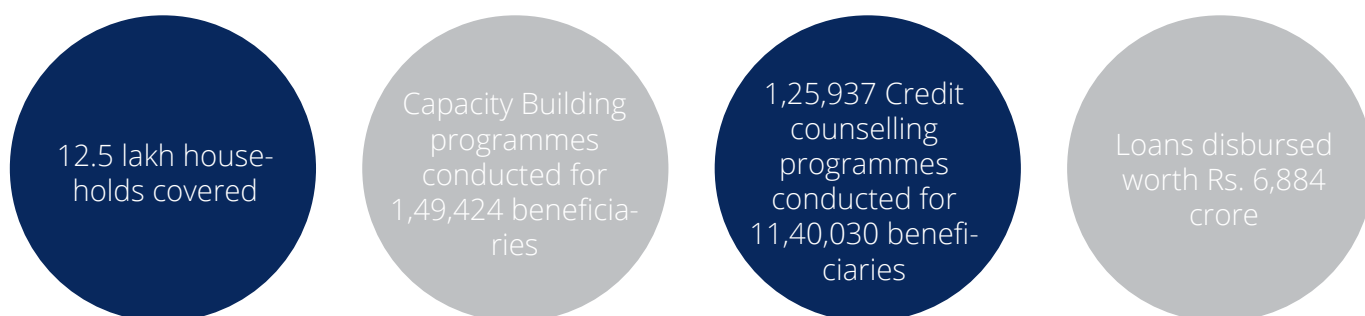
With the support of our training programmes, our customers have availed credit and utilised the full amount of the disbursed loan productively for occupations such as tailoring, designing jewellery, setting up grocery shops etc.



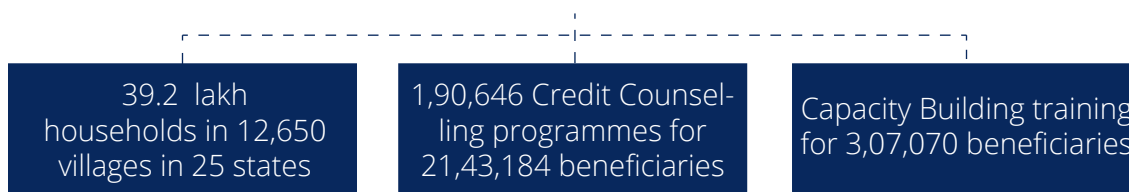
Process of SLI

- Identification of potential villages to do a baseline survey and identify potential groups for engagement
- Educate the potential customers on the importance of banking and financial aspects through financial literacy and credit counselling sessions
- Provide credit support and market linkages
- Enhance livelihood skills in various micro-entrepreneurial activities to ensure a steady income source

The reach of SLI in FY 2014-15 is showcased below:



SLI IMPACT OVER THE YEARS



FROM SUGAR CONTAINERS TO BANK VAULT

Poor people do save money but the way they save is prone to pilferages and leakages, which might not be expressly felt and finally leads to waning of the savings. Saving in formal institutions instills a discipline, as the installments need to be regular. We feel more responsible to spread financial literacy when the outcome is forthrightly evident from the following testimonial. **“I am Pooja Badhel (from Ward No.22, Nagpur, Maharashtra). Previously I was completely unaware about banking. After interacting with HDFC Bank, I came to know about how to open a bank account, how to save in the bank by opening RD account. Earlier, I used to put my savings in sugar containers but now I have started savings through RD regularly. Now I feel that I should save only through the bank and I am completely aware of handling money wisely”.**

EMPOWERING WOMEN THROUGH CAPACITY BUILDING PROGRAMMES

Under our SLI programme we help customers not just through financial literacy, but also by helping them enable them achieve a sustainable livelihood. The SLI teams work towards facilitating a linkage between the customers and brands, which results in creating a win-win situation. One such programme was undertaken in the Muzaffarpur branch in Bihar, where our customers were provided job training in collaboration with the Shri Mahila Griha Udyog Lijjat papad, popularly known as Lijjat. During the course, beneficiaries underwent 15 days of training in the process of papad making as per the quality specifications and now provide Lijjat with the products as required specifications. With this linkage, SLI has not only created a good job opportunity for our customers but has also helped in uplifting their social and economic well-being.

CATTLE FUNDING:

The Secured **Cattle Funding** scheme involves funding dairy farmers for the purchase of Milch Cattle without mortgage of agricultural land.

In FY 2014-15, 2594 farmers have utilised our credit worth Rs. 38 crore.

KISAN GOLD CARDS:

Kisan Gold Card helps farmers by providing them with loans for purchase of agricultural equipment, bullocks and carts, land development and repair expenses, without cash flow troubles. The card also enables the farmers meet expenses towards education, weddings and other life events. The Kisan Gold Card allows farmers to bank without hassles

of traditional time bound banking at parent branches and comes with a defined credit limit that can be renewed every year. The Kisan Gold Card also provides farmers free-of-cost Personal Accident Insurance cover of Rs. 2 lakh against unforeseen circumstances. 4384 accounts have been created under the Kisan Gold Card scheme, in FY 2014-15.

SHOULDERING RESPONSIBILITY

In FY 2014-15, we spent Rs. 118.55 crore, towards community development initiatives driven by our Corporate Social Responsibility (CSR) team. With a robust CSR policy in place, we have undertaken initiatives across various focus areas like Community Development, Education, Skills Development amongst others. It is our constant endeavour to

deepen our engagement with stakeholders and increase the outreach of our CSR programmes to serve underprivileged communities. We have set up robust internal systems and processes to ensure effective needs assessment, real-time monitoring and evaluation, and impact assessments of our projects.

EDUCATION

Our education interventions are aimed to have 'every child in school'. With the objective of strengthening the quality of education received by the children, we have reached out to 27,000 students through a multitude of projects.



Integration of out of school children

- Through the Community Engagement and Empowerment Programme (CEEP) in Kolkata, 270 children in the age group of 8-14 years were mainstreamed into the education system through accelerated learning and remedial education

Providing educational support

- Education support was provided for special groups such as tribal students, girls and other vulnerable sections of society through tie ups with professional training institutes
- Educational Crisis Scholarship Support (ECSS) programme. Special scholarship was provided to students who were unable to continue to pay for their education due to crises. The Bank supported students with their school/college fees in the interim period while their families overcame the crisis situation

Career counselling services

- Career counselling services were provided to 10,000 rural school children in 3 districts in Assam, in partnership with an NGO called FUEL (Friends Union for Energizing Lives)
- The Bank supported 12 career counselling centers in Gujarat which help bridge the skill gap between the underprivileged youth and requirements of industry

Other interventions

- Developing resource schools in Punjab to showcase best practices of primary education
- Encouraging experiential learning through Mobile Science Lab (MSL) with Agastya International Foundation
- Infrastructural support towards sanitation, water and other infrastructural requirements in schools



SKILLS TRAINING AND LIVELIHOOD ENHANCEMENT

Our initiatives are focused on training and capacity building of youth and women from economically weaker sections of the society. We have partnered with various NGOs to support learning opportunities for youth in high growth sectors including auto, banking, construction, hospitality, organised retail, IT and ITES. In Chittorgarh, Rajasthan we have groomed youth on personality development along with technical training, spoken english and basic computer skills through the iLEAD programme. Through another initiative in Karnataka we have trained 520 youth in IT skills, mobile repairing and servicing, Bedside Patient Attendance (BSPA) and beautician courses.



We are conducting following programmes, which helps our customers from economically weaker sections of the society to create alternate sources of income besides their primary income generating activity:

- **Micro Entrepreneurial (ME) Training:** Skill based training is provided for over 100 activities like tailoring, agarbathi making, broom making, snacks item making, bag making etc. During FY 2014-15, over 1 lakh people have been trained under this initiative.

BLOOD DONATION CAMPS

In 2007, we launched a one-day nationwide blood donation drive and encouraged people to support a single social cause across our vast network. Today the annual blood donation drive has become one of our largest on-going activities recognised by the 'Guinness World Record'[™] as the largest blood donation drive (multiple locations) in FY 2012-13. In the reporting period we broke our own record with more than 1.5 lakh participants and 1.28 lakh units of blood collected.



- **Women Health Care Camps:** Women are the most vulnerable when it comes to health related issues. Our SLI programme has 100% of its beneficiary base as women and by providing timely health care to them we try to benefit not only the women, but also the entire family. During FY 2014-15, over 27,000 women have benefitted through these health camps.

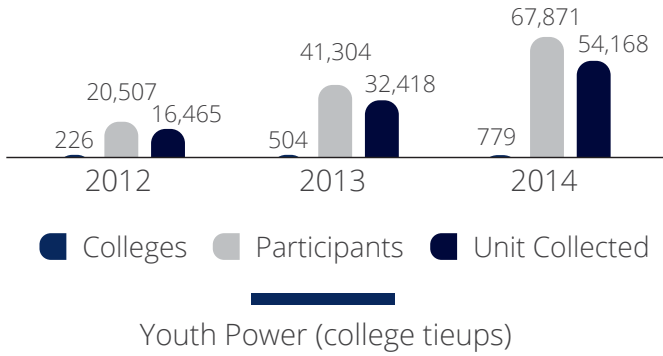


- **Agricultural training and camps:** Over 3,000 such camps were conducted in FY 2014-15. We also promote best practices for organic farming and create awareness amongst the farmers about the conservation of soil fertility, need for organic farming and on techniques to generate higher yields.

Our focus has always been on sustained outcomes, hence to ensure that the blood collection drives deliver its desired impact, we have also ensured the availability/development of supporting infrastructure like blood banks.

Key metrics showcasing the success of our blood donation camp and the participation of youth from various colleges is given below:

Blood donation camp 2014-15



- 913 locations**
- 1987 camps**
- 1,55,599 voluntary participants**
- 1,28,418 Units of blood collected**

SANITATION

In support of the national agenda, we have taken steps to provide sanitation and water facilities in schools and communities. We have undertaken construction and renovation of school and community toilets to provide better access to safe and hygienic sanitation to members of rural communities, particularly women and girls.

We have worked with local panchayats to spread this message. 75 villages have been covered under this initiative in FY 2014-15.





EMPLOYEE CONTRIBUTION

Through the Employee Payroll Giving Programme, employees donate on a monthly basis for a specific cause of their preference. The Bank supports this gesture by donating a matching amount. The Bank promotes employee volunteering by way of various structured volunteering activities.

Under our 'Power of Banking' financial literacy programme, driven by our employees, children are oriented on various nuances of financial aspects like the origin of money, roles played by the Banks as financial institutions, importance of savings, amongst others.

DISASTER MANAGEMENT

In response to natural calamities where healthcare emerges as one of the critical areas of intervention we have responded to the needs of the affected communities and helped them to create sustainable solutions.

For example, we continue to support primary healthcare and diagnostic centre in Kedarghatti, Uttarakhand that reaches out to about 50 surrounding villages.

During the floods in Jammu and Kashmir, our employees donated towards relief efforts and the Bank matched the amounts. In our ongoing project in Jammu and Kashmir we are working on restoring the 16 educational institutes in the flood affected locations.

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CARING FOR THE ENVIRONMENT

Sustainability being one of the core values of the Bank is also a major influencer in the way we do business. While the nature of our business has limited impact on the environment we are conscious of our natural resource consumption, waste

generation and the need to conserve.

Towards this, we have taken up various initiatives to make our processes, investments, products and services more sustainable.

SCREENING OF INVESTMENTS

We aim to drive a positive change through the businesses we invest in. Our bank gives utmost importance to social and environmental aspects with regards to our investments.

As a result, investments that are worth more than Rs. 10 crores and are for a period more than 5 years are assessed for negative social and/or environmental impacts through our **Social and Environmental Risk Management System (SEMS)** before a credit approval is given. Because of such a stringent screening process, our exposure to the sectors in our internal exclusion list is less than 1% of our total investments, way below our internal benchmark of maximum 4.5%. In FY

2014-15, 73 term loans aggregating to INR 6,965.62 Cr were disbursed after being screened through SEMS. Management Information System (MIS) reports are analyzed on a regular basis to assess the risks involved.

Non-compliance to terms of sanction is separately tracked and is periodically reviewed to ensure compliance by way of interactions with the customers, counseling and follow ups for course corrections. For minor non-compliances, an additional interest is charged till the project is compliant. This ensures timely resolution of issues. In case of major non-compliance, the loan is either curtailed or recalled.

REDUCING OPERATIONAL IMPACT

At HDFC Bank, we undertake numerous initiatives to reduce our environmental impact

because of our operations. Some of the key initiatives are listed below.

Digital Banking	<ul style="list-style-type: none"> • Electronic media over print communication • Multiple alternate service points for paperless transactions • Encouraging retail customers to subscribe to e-statements
Energy Efficiency	<ul style="list-style-type: none"> • Replacement of aged chillers with energy efficient chillers • Star-rated and energy efficient ACs and Diesel Gensets • Switching off the branch signage after 11pm • Replacing inefficient lighting with LED lights in offices
IT Initiatives	<ul style="list-style-type: none"> • Video conferencing and video chatting on IP phone, to cut down on travel • Automated shutdown of server and desktops, to reduce power consumption • Monthly monitoring of printer usage in many of the offices • Responsible e-waste disposal
Renewable Energy	<ul style="list-style-type: none"> • ATMs with Solar powered/Lithium UPS installation in areas of fluctuating power supply
Waste Management	<ul style="list-style-type: none"> • Strong emphasis on recycling of paper and plastic at all branches • Policy to manage and dispose the e-waste in an efficient and harmless manner • Waste water recycling facility in one of our hub locations
Resource Conservation	<ul style="list-style-type: none"> • Filters on taps to reduce flow of water • Proximity sensors in washrooms • Usage of reusable cups and plates • Motion sensors to switch off lights in unoccupied rooms

PAPER CONSERVATION

For reducing our paper consumption we have taken steps to bring about a behavioural change in our employees and customers. Some of the initiatives taken by us in this regard are:

- Every employee has been given a unique ID for printing documents from any machine in the Bank. The quantities of paper consumed by every user are monitored and regular updates on the amount of paper consumed are shared. The purpose of this initiative is to create awareness among the employees about paper consumption and highlight the need for conservation.
- For customers, we have provided options to choose e-statements and use digital banking for various financial transactions. To encourage this we also provide numerous incentives and offers to our customers to switch from branch based transactions to digital banking channels.

By digitalising all bills, receipts and transaction documents, we have considerably reduced the paper consumption at the customer end. Some of the features made available to our customers are:

- Subscribing to e-statements and e-bills for bank accounts and credit cards
- SMS receipt after every ATM transaction
- Online applications for chequebooks, Demand drafts, Fixed Deposits, Recurring Deposits etc.
- Electronic Tax payment options for filing Commercial Tax, Direct Tax, Excise, Service Taxes, taxes of central, state governments and Autonomous bodies

Within the Bank, we have taken many initiatives to reduce our paper consumption

- Printing of emails etc. has been restricted in the offices unless a physical copy is required
- We have stopped storing the photocopies of all the bills above Rs. 1 lakh. These documents are

saved digitally now. This has resulted in a 60% decrease in paper consumption of the Marketing Department.

- 'No Pen and Paper' policy on Phone Banking premises has been initiated at all Phone Banking units.

- Many credit policies / programmes have been launched where the dispensation is done through digital mode only.

ENERGY AND EMISSIONS



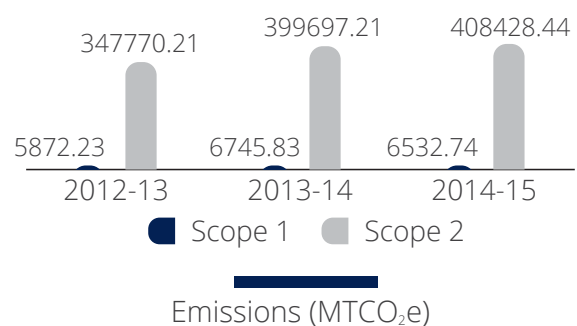
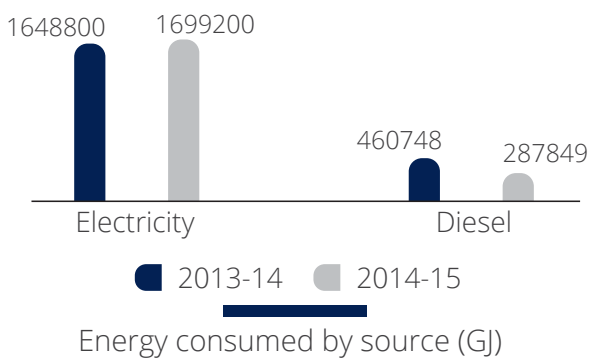
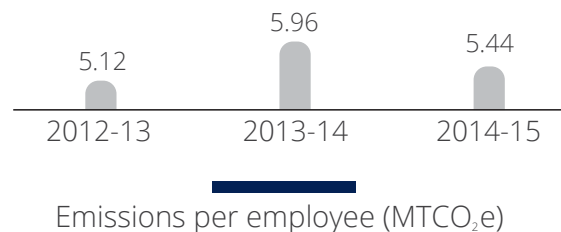
We are conscious about our environmental impact and have a strong focus on reducing our

energy consumption and emissions. **We report our carbon footprint through the Carbon Disclosure Project (CDP) every year and this year, as a result of our improved performance, we feature on the CDP's India Climate Disclosure Leadership Index (CDLI).** In FY 2014-15 our combined Scope 1 and Scope 2 emissions were 5.44 MT CO₂e per FTE, a decrease of 8.77% from the previous year. Our aggregate Scope 3 emissions were 26,752.78 MT CO₂e, resulting from paper consumption, e-waste and business travel.

the customer; resulting in lesser travel, fuel consumption and emissions. As per estimates, on an average, every customer saves 0.0042 MT CO₂e per year by not having to visit the branch locations in person. The standards assumptions, base year and methodology used for calculating the footprint have been disclosed in our CDP response.

Our energy consumption per employee has reduced from 30.94 GJ in FY 2013-14 to 26.04 GJ in FY 2014-15. Our total energy consumption has also decreased over the last year. The e-waste generated is disposed by sale to authorised recyclers. A total of 129.47 tonnes of e-waste was disposed in FY 2014-15.

Digital banking also augments our efforts in reducing the impact on environment. It decreases the number of interactions between the branch and



ENERGY CONSERVATION

As a pilot project, in locations where power supply is a major issue, we have installed solar powered UPS for ATMs. These solar powered UPS use solar energy for their functioning. In all 51 locations are equipped with Solar UPS, which support the on-site ATMs in Branches.

Further, we procure 5 star rated air-conditioners for Branches / ATMs. LED light fixtures have been installed in a few select Branches/Offices and going forward all new Branches and Offices will be equipped with LED light fixtures. In addition, Energy Management Modules have also been piloted in 5 existing branches and the same is being extended to select 100 branches in 4 major metro cities.

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We strongly believe that our growth and success is dependent on the value we create for our stakeholders. We ensure regular engagement with our

stakeholders and seek their active participation in our Sustainability and CSR Initiatives.

INVESTORS AND SHAREHOLDERS

We give utmost importance to our investors and shareholders. We communicate with them on major developments, initiatives and plans of the Bank, and also seek their feedback and suggestions. They can interact with our Board directly at the Annual General Meeting and Open House sessions.

We have an extremely robust investor and shareholder grievance management mechanism, where our Legal and Investor

Grievance cell addresses all grievances. We also have an Investor Grievance (Share) Committee as per the statutory requirements. In FY 2014-15, 2,886 complaints were received from the shareholders, out of which only 3 were pending at the end of the year. Beside the complaints, 6803 letters were received from the shareholders relating to change of address, nomination and other such requests.

VALUING OUR STAKEHOLDERS

SUPPLIERS

Our suppliers have been categorised into three broad segments i.e., resource, services and infrastructure.

- Resource suppliers (provide majorly IT infrastructure, paper and other materials we use for our banking operations)
- Services suppliers (provide us with security, legal, house keeping and cash transport services)
- Infrastructure providers (provide us with leased spaces for our branches and other operations)

We have taken steps to bring our suppliers on board with our sustainability agenda. Our agreements require them to abide by all the legal requirements with respect to prohibition of child labour, bonded labour, environmental norms and any other applicable local laws.

We give preference to local procurement and engage first with suppliers situated within 5-10 km of our premises.

*(Local geography defined as India).

Below are the aspects material to us, which are relevant to our suppliers:



CUSTOMERS

With customer focus as our core value, we aim to build a Bank that meets the financial needs, and provides services of high quality to a wide base of customers across all geographies.

To ensure transparency and accuracy, we have defined the channels of communication with our customers. We ensure that the terms and conditions of our products are communicated responsibly to all our customers. Our Customer Relationship Management (CRM), data warehousing and analytics solutions helps us understand existing and potential customers and help us serve them

better.

All products, facilities and service related information is made available to our customers in our Citizen's Charter. Customers can also find the time limits for various banking transactions, our policy on protection of customer information, and the process of grievance redressal on our website. We have a dedicated customer care center to accept feedback and address customer grievances to ensure prompt and inclusive services to all customers within the prescribed framework and processes of the Bank.

CUSTOMER GRIEVANCE REDRESSAL MECHANISM

Any complaint/ feedback/ grievance from the customers is adequately and promptly addressed. To ease the process of grievance redressal, we have developed a three-step mechanism for attending to customer complaints. The effectiveness of grievance handling in particular and overall customer service initiatives are periodically reviewed at different levels, including the Board of Directors through the Customer Service Committee. All these initiatives have help us improve the

process of tracking and analysing customer complaints. We have also established a strong and systematic review mechanism for complaint redressal. An independent cross-functional team of senior staff ensuring unbiased resolution does the review. In case a customer does not get a response or is not satisfied with the response received, they have the right to approach the Banking Nodal Officer or the Banking Ombudsman.

Material Aspect	ATM transaction disputes on HDFC Bank's ATMs	ATM transaction disputes on other Bank's ATMs	Other than ATM transaction disputes	Credit Card Complaints
Pending at the beginning of the year	159	1601	455	0
Received during the year	11300	82572	72075	3
Resolved during the year	11388	82839	72034	3

The average number of customer complaints per branch, including ATM transaction disputes in FY 2013-14 was 6.2 per month, which was significantly lowered to 3.8 per month in FY 2014-15.

QUALITY SERVICE MECHANISM

Customer satisfaction is measured on an annual basis, through surveys which covers the areas of service delivery, credit accessibility, Responsiveness, Channel Engagement, Turn Around Time and

Rework Resolution. 'Voice of customers' is captured regularly for simplification of processes to delight our customers.

DATA SECURITY AND CUSTOMER PRIVACY

We are a member of the Banking Codes and Standards Board of India (BCSBI) and are committed to follow the prescribed standards of banking practices as detailed in the 'Code of Bank's Commitment to Customers'. Effective systems have been put in place to ensure transparent and accurate communication with customers. Employees are given access to customer's online account only on a requirement basis and every transaction carried

out is checked to minimise fraud and errors in accuracy. We have 8 different layers of control, which includes password authentication and virtual keyboard amongst others. Our Code of Conduct and Ethics Manual also details out the policies to ensure privacy and confidentiality of customers' data. There have been no cases of data loss in FY 2014-15.

COMMUNICATION AND AWARENESS COMMITTEE (CAAC)

Our Communication and Awareness Committee (CAAC) monitors compliance with RBI guidelines on customer education to help prevent fraud attempts and to mend the loop holes in data security. In case of service-deficiencies such as unauthorised debiting of accounts and payment of cheques after acknowledgement of stop payment instructions, our Customer Compensation Policy allows for customers to be compensated for the financial

losses they may have incurred. Through feedback channels such as surveys, daily internal checks, quarterly call evaluations and service quality assessments, we endeavour to seek feedback from our customers to analyse the levels of satisfaction as well as to understand their issues. The Committee also provides a framework to evaluate the effectiveness of awareness programmes and contributes to the development of a safe culture.

CUSTOMER CENTRIC INITIATIVES

We have always taken steps to provide our customers with the best of services. In many cases we have customised our products and services, so that we can cater to specific needs of certain target groups including the less advantaged. Customer centricity continues to be at heart of our innovations. Few examples of such innovations are given below:

To include the **visually challenged** users into formal banking services, we have special provisions for opening accounts using thumbprints and providing ATM/Debit cards. We take extra care for these accounts by explaining the need for safe keeping of the passbook, card and any other bank documents given to the account holder. Similar facilities are also provided to customers who cannot read or write.

Through our ENet platform, we enable **smaller merchants** and organisations to make business transactions in real-time. This online portal gives

them the flexibility to get a consolidated view of account information anytime, anywhere and helps them maximise productivity and control costs.

Our Professional Current Account service is a customised offering for Chartered Accountants/Company Secretaries/Doctors/Architects in order to cater to their specific needs. Under this segment 2,583 accounts were opened in FY 14-15.

We have also launched an exclusive Haj Umrah ForexPlus card for people making the Haj and Umrah pilgrimages. Through this initiative, we are reaching out to about 1.7 lakh pilgrims across India. The pilgrims with this card, will be able to meet their Saudi Riyal needs in a swift and convenient manner. We issue the card and activate it under 4 hours of submission of the documents at any branch counter.

Loan against jewellery offering allows customers a reliable source of credit in times of need. In the

absence of this product, customers might be unable to access credit or alternatively might avail of credit at much higher rates in the form of unsecured loans from moneylenders. Gold loans provide an alternate source of funds by monetising

the household gold. It provides financial independence to small traders, small entrepreneurs and housewives. It also substitutes borrowing at usurious rates. As of March 31, 2015 loans against gold jewellery was at Rs. 4,057 crore.

LAUNCH OF BRAILLE ATM AT MAHAPE BRANCH, NAVI MUMBAI

Mahape Branch is located next to Helen Keller Institute of the Deaf, Dumb & Blind. The closest Braille ATM for the students of the Institute was at Byculla; to access that they had to travel for almost 2.5 hours. We explored the idea of providing basic banking services to these students with the Trustees of the Institute and decided to launch a Braille ATM at the Mahape Branch itself.



The branch's Braille enabled ATM was launched by the students of the Hellen Keller Institute, in the presence of senior dignitaries of the Bank. The moment was filled with energy and excitement as the students were looking forward to their 1st transaction at the Bank's Braille ATM. Two of these students operated the ATM and withdrew cash. The student launching the ATM expressed "I am very happy and filled with joy to inaugurate the ATM". He expressed his appreciation towards the initiative taken by us towards proving basic banking facilities to them. One of the other students exclaimed joyfully - "I felt the

money coming out of ATM. It is so good, now I will ask my father to open my HDFC Bank account and I will come to the ATM to withdraw cash many times. IT FEELS GOOD GOOD GOOD", she nodded her head.

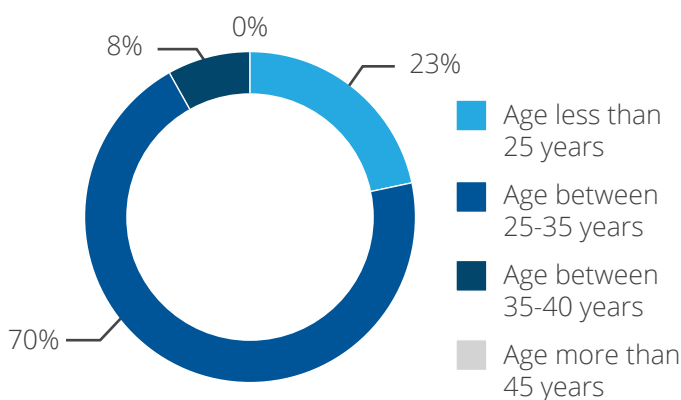
EMPLOYEES

Our workforce consists of 76,286 employees, of which 309 employees are from the only employee association of the Bank, are groomed to deliver the strategic agenda of the Bank. We believe that a healthy working environment generates positivity that trickles down to our business and in turn to our customers.

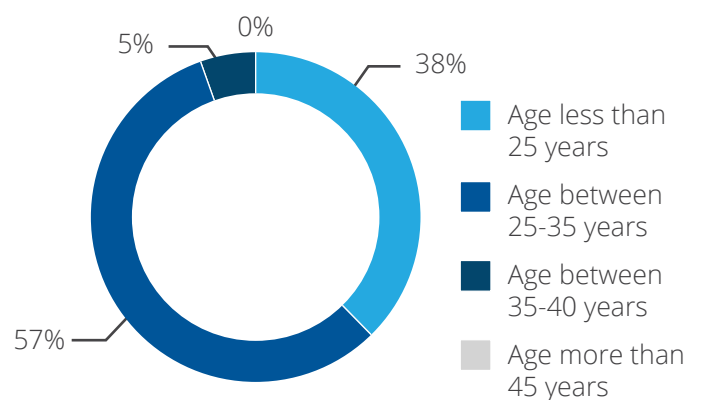
healthcare, disability/invalidity coverage, fringe benefits such as concessional loans, higher medical cover, superannuation and Employee Stock Options (ESOP) to ensure they are happy and satisfied.

Our employees are provided with benefits such as

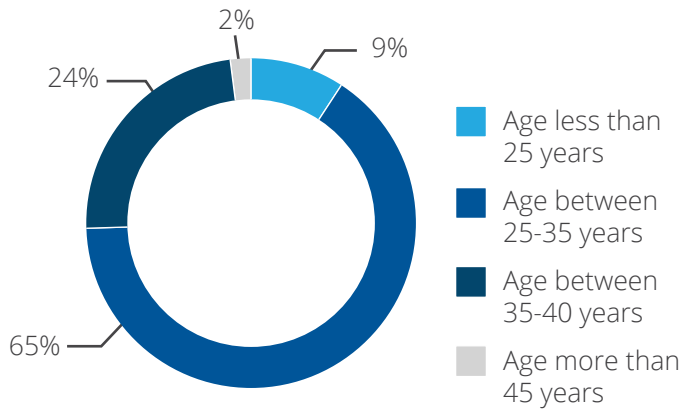
23,467 employees were added to our workforce and 9,369 employees resigned this year. In effect (excluding the contract staff and employees in the Union), our workforce has increased by almost 11% this year indicating our growth and increased reach.



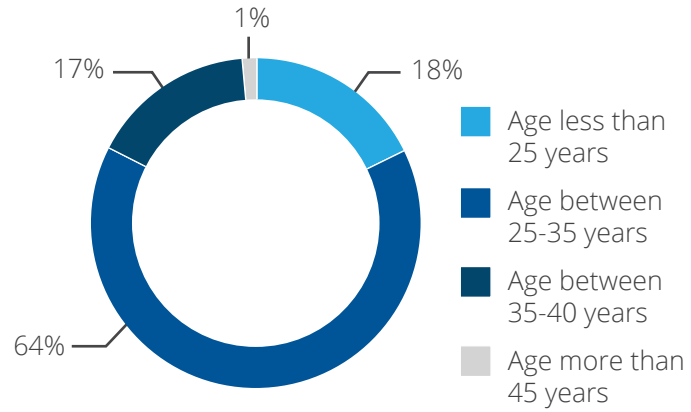
Total number of employees hired: Male



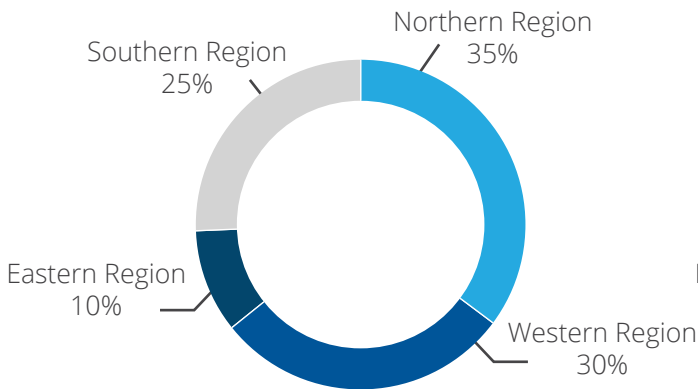
Total number of employees hired: Women



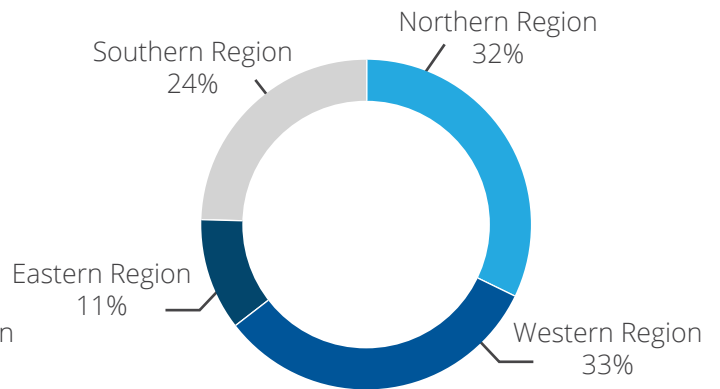
Male employees as on 31st March 2015



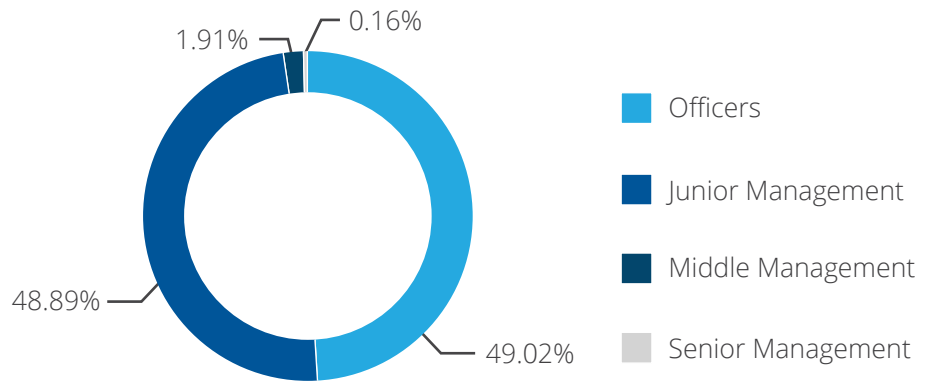
Women employees as on 31st March 2015



Region Wise: Employees Hired in 2015



Region Wise: Total Employees as on 31st March 2015



Category Wise: Employees Hired in 2015

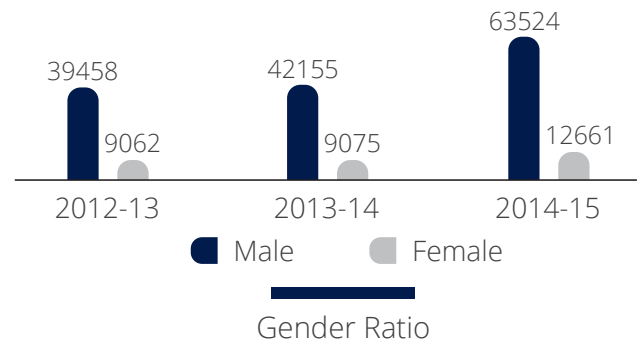
GENDER EQUALITY AND NON-DISCRIMINATION

We have made significant efforts to create a workplace conducive for women and maintain a diverse workforce. In order to create a gender-inclusive environment, we conduct special workshops that promote leadership amongst women and recognise their contribution by way of special awards. Expecting mothers are provided with health benefits which includes expert advice from medical

professionals and gynaecologists who hand hold the would-be-mothers in managing their pregnancy. Additionally, we also provide extended maternal leaves and an onsite crèche to enable young mothers pursue their careers. Safety guidelines are provided to supervisors to maintain the safety of women staff.

Any cases of harassment is treated with great sensitivity and resolved effectively. For this, we have an Internal Complaints Committee (ICC) which investigates reported complaints and ensures fair and transparent process for resolution. There were 12 cases related to sexual harassment reported to ICC and all were effectively resolved. Our policy and the process of redressing is governed by The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

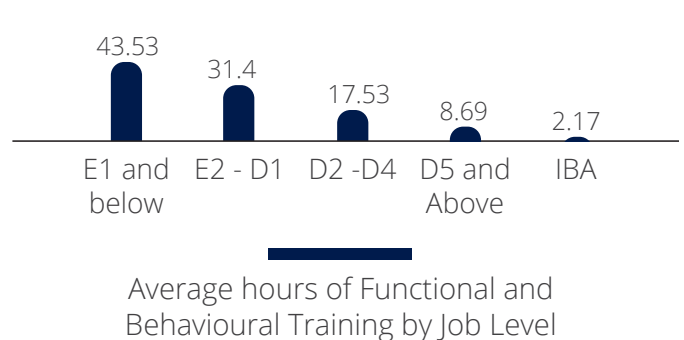
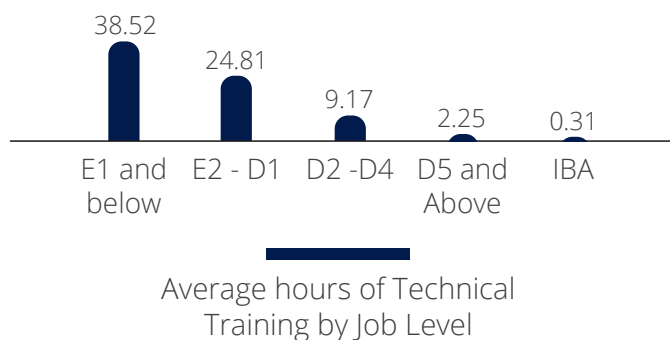
In the reporting period 577 women availed maternity leave of which 441 (76%) are still with the Bank. In addition paternity leave (7 days) has been availed by 2502 male employees.



EMPLOYEE TRAINING AND DEVELOPMENT

Employee development and growth is realised through an array of functional and behavioural programmes conducted throughout the year as well as through on the job training. Our technical and behavioural training programmes are in keeping with the roles and responsibilities at each grade

and area of business. The behavioural programmes include training on leadership, personal effectiveness, strategic thinking etc. Our Directors also undergo relevant trainings on a periodic basis, helping them keep abreast with the global banking ecosystem.



To ensure ethical conduct and good behaviour, newly hired employees are introduced to governance mechanisms of the bank to instill our core values. We also take up an annual refresher through our employee portal with all the employees, which affirms their acquaintance with the

latest policies and guidelines. Employees can also seek advice regarding the policies and guidelines from their respective regional HR managers.

Further, we lay emphasis on rotating key talent for professional development, growth and building a

leadership pipeline for the future. Cross functional training is also provided to the employees for their holistic development. This cross-functional reskilling at various levels of the organisation has helped the employees to cope with the changing trends in operations due to technology absorption and redeployment to expanding geographies.

We also have a systematic process to address

employee issues or concerns, governed by the Employee Grievance Policy. Employees are encouraged to raise any doubts or fears to the management through their regional HR managers. In case of employees reporting any unlawful behavior through the whistle blower mechanism, they are given the right of protection and anonymity and their details are not disclosed without their consent.

REWARDS AND RECOGNITIONS

Rewards and Recognitions play a key role to attract, retain and engage employees. We have a comprehensive Compensation Policy that has been articulated in line with the Reserve Bank of India's guidelines. We also grant employee stock options to a certain segment of the employees in order to align employee efforts to creation of shareholder value. The ratio of annual compensation for the senior management vis-à-vis the median compensation of employees is 117:1, 70:1 and 39:1 for Managing Director, Deputy Managing Director and Executive

Director respectively. Apart from the standard compensation we also have a well-institutionalised recognition programme called 'Star Awards' to recognise the contribution of employees on an ongoing basis.

We also have a comprehensive Performance Management System (PMS) to assess the performance of our employees and reward them appropriately. The PMS also allows for identification of training and development needs for each employee.

EMPLOYEE ENGAGEMENT

We undertake several initiatives on a periodic basis to keep our employees informed, engaged and empowered. During the reporting year, we conducted a number of initiatives to drive employee engagement. These activities help individuals showcase their talent or pursue their interests other than work. Some of the activities conducted were:

Josh Unlimited

This is a multi-city and multi-discipline annual sports event of the Bank which was started in the year 2012 initially in 8 cities. In 2014-15, Josh Unlimited was extended to 26 cities covering a population of around 35,000 employees of the Bank with participation of over 12,000 employees.

STEPATHLON

An inter-corporate 100 days race around a Virtual World between employee teams from different corporates. This unique initiative promotes corporate health, fitness and productivity. Approximately 2,700 employees across the bank participated in the event and got us the **Most Active Team** award.

HDFC Bank Voice Hunt contest

Introduced in 2013 in association with the Shankar Mahadevan Academy (SMA), this voice hunt is an online singing competition, where participants upload their songs, which are then evaluated by the experts from SMA. The winner of the Voice Hunt gets an opportunity to record a song and video with Shankar Mahadevan and his team.

STILLS

It is an Inter-corporate photography contest. Around 500 employees participated in this of which 3 were amongst the top 40 photographs and 1 photo was awarded the Most Popular Photograph of the contest.

Corporate Online Library

To encourage the reading habit and drive culture of self-learning amongst our employees, this year, we introduced an on-line library facility by entering into a tie-up with iRead Books Pvt Ltd (IndiaReads.com). Employees can now select from approximately 1,50,000 books and order them online. Doorstep delivery and pick up facility is provided and till now more than 4,400 employees have taken the benefit of this service.

HDFC Bank Cares



We launched this initiative to create awareness and to address the healthcare needs of our employees. Under this initiative, regular health tips and monthly health newsletters are sent to our employees.

Various activities conducted under this programme are:

- Health mailers
- Access to medical help-line (Doctor on Call)

- Pregnancy care programme
- Health check-up camps
- Dental check-up camps
- Eye check-up camps
- Health Talk by experts
- Ease of claiming Mediclaim through Help-desk
- Mobile App & Toll-free help-lines for bank staff and their families during emergencies

Events conducted through this initiative have reached around 27,000 employees pan-India through onsite events, online, telephonic and electronic means.

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KEY RISKS AND OPPORTUNITIES

We have been taking conscious and responsible steps in anticipating and managing risks that might affect us and our stakeholders' short, medium and long-term interests. The identification, measurement, monitoring and management of risks are a key focus area for us. Sound risk management and balanced risk-reward trade-offs

are critical for our success. Therefore, business and revenue growth are to be weighed in the context of risks implicit in our business strategy.

We have a robust risk management policy and a 'Risk Policy and Monitoring Committee' (RPMC) of the Board, formed as per the guidelines of RBI that:



We are also aware that identifying the right opportunity can unlock growth for our stakeholders and us. We are therefore continuously working on various fronts to respond to

the identified opportunities timely and effectively. Some of the potential risks and associated opportunities, as anticipated are given below:

RISKS

Economic

Climate change related risks as extreme drought, floods etc. affect the agriculture segment adversely and impact the loan repayment cycles

Economic

As the pollution norms become stringent there could be fall in vehicle sales and might affect our portfolio

Economic

The regulatory clearances of non-green projects become difficult due to the stricter norms

Economic

With major restrictions being discussed on greenhouse gas emission, our portfolio with oil and power sector companies might get affected

Economic

As energy efficiency related aspects get a highlight in the economy, companies under the ambit might get affected

Operational

As the policies change, projects with environmental impact may face hurdles in execution and our risk exposure might increase

Operational

Adverse socio-economic conditions in the society can have an adverse impact on our business

Reputation

We regularly sensitise our stakeholders on our sustainability initiatives. Less participation by them can affect our targets

OPPORTUNITIES

Products and services

We support the farming customers with awareness and financial solutions that would ease their woes during stress seasons. We help them with structured EMIs for regular and low repayment

Products and services

We can explore the opportunity to develop financial instruments that can affect vehicular sales market positively

New area of business

Projects related to renewable energy are expected to get a boost and will open up new avenues for growth

Screening

We have a screening mechanism for evaluating the projects for their social and environmental impact. We could include specific screening parameters for oil and power sector projects

Screening

Assessment of such risk is carried out based on the project intensity and impact. We would further strengthen the screening to mitigate the possibility of such impact

Screening

Our project screening process is designed to address such a risk and will help mitigate any adverse impact. We will further strengthen our screening to accommodate possibility of policy changes

Operational Efficiency

The Business Continuity Group regularly assesses the risk of such events and ensure that the effect is mitigated to the maximum extent

Stakeholder relations

We plan to engage more actively with our stakeholders to seek their feedback

11

WAY AHEAD

Leveraging on the strength of technology, our products and services have helped us achieve a unique position in the financial services sector. With this achievement we have defined three broad goals for ourselves:

1. Increase our reach to the marginalised and weaker

sections of the society to create Sustainable Communities and thereby aid the mission of inclusive society

2. Engage more actively with our stakeholders by making them aware of our social and environmental impact

3. Embed sustainability in our core business, i.e. products and services

Some of the activities that we plan to undertake to achieve these goals are given below:

Economic

Maintain technological thrust to innovate product and service offerings

Drive sustainability agenda centrally and embed it in our products and services

Increase product and services portfolio based on customer feedback

Environmental

Increase engagement with stakeholders by focusing on specific interactions, category wise

Develop products and services that reduce our environmental impact and resource consumption

Develop a Board level Sustainability Policy by 2016

Social

Build Sustainable Communities by:

- Increasing the access of banking to marginalised and weaker sections of the society
- Increasing our offerings with more flexible and affordable products
- Supporting skill building and financial literacy to enhance livelihood, by reaching out to 1 crore families by 2020
- Developing role model villages by providing support for infrastructure, education and skills development

Encourage employee participation in sustainability initiatives

As we move towards a challenging tomorrow, our objective is to mitigate all the risks and capitalise on the opportunities presented, which can help us grow steadily while also enhancing our triple bottom line performance. With technology as the foundation and sustainability as the core, we are committed to contribute to a future that is 'Digitally Sustainable'.

For any queries or questions regarding the report or its contents, contact:

Nusrat Pathan
Head, Sustainability & Corporate Social Responsibility
HDFC Bank Limited
Nusrat.Pathan@hdfcbank.com

Independent Assurance Statement

Introduction

DNV GL Business Assurance India Private Limited has been commissioned by the management of HDFC Bank Limited ('HDFC' or 'the Bank') to carry out an independent assurance engagement (Type 1, Moderate level) of the sustainability performance reported in the Bank's Sustainability Report 2014-15 ('the Report') in its printed format. This engagement focused on verification of sustainability performance disclosed in the Report, and underlying management system and reporting processes.

The engagement was carried out using the DNV Verification Protocol for Sustainability Reporting ('VeriSustain' - www.dnvgl.com; available on request) and against AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS), including confirmation of 'in accordance' – Comprehensive reporting requirements of the Global Reporting Initiative G4 Sustainability Reporting Guidelines (GRI G4).

The intended user of this assurance statement is the management of the Bank. The management is responsible for all the information provided in the Report as well as the processes for collecting, analyzing and reporting the information presented in the printed Report. Our responsibility in performing this work is regarding the verification of the sustainability performance reported in the Report only, in accordance with the scope of work agreed with the management of the Bank. The assurance engagement is based on the assumption that the data and information provided to us is complete, sufficient and authentic. We disclaim any liability or responsibility to a third party for decisions, whether investment or otherwise, based on this assurance statement. Our assurance engagement was planned and carried out in September - October 2015.

Scope, Boundary and Limitations of Assurance

The scope of assurance included the review of Economic, Environment and Social information in the Report. In particular, the assurance engagement included:

- Evaluation of the disclosed information in the Report, the systems and the processes that the Bank has in place for adherence to the three AccountAbility Principles (Inclusivity, Materiality and Responsiveness) as required for a Type 1, moderate level of assurance, in accordance with AA1000AS (2008);
- Evaluation of the additional principles of Completeness and Neutrality, as set out in VeriSustain;
- Evaluation of the disclosed information in the Report - both General and Specific Standard Disclosures – made in line with the 'in accordance' – Comprehensive reporting requirements, and covering the systems and processes the Bank has in place for adherence to reporting principles set out in GRI G4;
- Confirmation of the fulfillment of GRI G4 Guidelines' 'in accordance' – Comprehensive criteria, as declared by HDFC.

The reporting Aspect boundary covers the operations and key supply chain activities of the Bank in India, and is as set out in the Report in Section 'Scope and Boundary'. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement except disclosures which are set out in the Report as being confidential. No external stakeholders were interviewed as part of this assurance engagement. The scope of work did not include verification and aggregation of quantitative data, and sustainability performance information at Corporate and branch offices.

Verification Methodology

This assurance engagement was planned and carried out in accordance with the AA1000AS and VeriSustain. The Report has been evaluated against the following criteria:

- Adherence of the Report to the three principles of AA1000 AccountAbility Principles Standard 2008 as referred under the 'Scope, Boundary and Limitations of Assurance' section of this Statement;
- Application of the principle of materiality as per GRI G4;
- Adherence to additional principles of Completeness and Neutrality, as set out in VeriSustain;
- The GRI G4 requirements – 'in accordance' – Comprehensive.

During the assurance engagement, we have:

- Conducted a desk review of HDFC Bank's sustainability systems, processes and outputs, and other relevant information and documentation requested by us and made available to us by the Bank;
- Reviewed the approach to stakeholder engagement and materiality determination process;
- Verified the sustainability-related statements and claims made in the Report and assessed the underlying systems and processes;
- Conducted interviews with the teams involved in preparing the Report and key decision-makers of the Bank;
- Performed sample-based reviews of the mechanisms for implementing the sustainability related policies, as described in the Report.

Conclusions

In our opinion, based on the scope of this assurance engagement, HDFC Bank's Sustainability Report 2014-15 provides a fair representation of the sustainability related strategies and management system meets the general content and quality requirements of GRI G4 i.e.,

- **General Standard Disclosures:** We are of the opinion that the reported disclosures generally meet the GRI G4 reporting requirements for 'in accordance' – Comprehensive based on GRI G4, and the reason for non-disclosures based on the permissible omissions related to confidentiality is adequately explained in the Report.
- **Specific Standard Disclosures:** We are of the opinion that the reported disclosures generally meets the GRI G4 reporting requirement for 'in accordance' – Comprehensive based on GRI G4 covering generic Disclosures on Management Approach (DMAs) and Performance Indicators for identified material Aspects as below, as well as material Aspects under GRI's Financial Services Sector Guidance:

Economic

- Economic Performance - G4-EC1, G4- EC2, G4-EC3, G4-EC4;

Environmental

- Materials – G4-EN1;
- Energy - G4-EN3, G4-EN5, G4-EN6;
- Emissions – G4-EN15, G4-EN16, G4-EN17, G4-EN18;
- Effluents and Waste - G4-EN23;
- Compliance – G4-EN29;

Social

Labour Practices and Decent Work

- Employment - G4-LA1, G4-LA2, G4-LA3;
- Training and Education – G4-LA9, G4-LA10, G4-LA11;
- Diversity and Equal Opportunity - G4-LA12;

Human Rights

- Investment – G4-HR1, G4-HR2;

Society

- Local Communities - G4-SO1, G4-SO2, FS13, FS14;
- Anti-Corruption - G4-SO3, G4-SO4, G4-SO5;
- Anti-competitive Behaviour – G4-SO7;
- Compliance – G4-SO8;

Product Responsibility

- Product Portfolio – FS6, FS7, FS8;
- Product and Service Labeling – G4-PR3, G4-PR4, G4-PR5;
- Marketing Communications – G4-PR7;
- Customer Privacy – G4-PR8;
- Compliance – G4-PR9;
- Active Ownership – FS10, FS11.

We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

AA1000AS (2008) principles

Inclusivity: The stakeholder identification and engagement process includes engagement with key stakeholders to identify sustainability concerns through different channels. The issues emerging from the stakeholder engagement were collected and prioritized, and the results are fairly reflected in the Report. In our view, the level at which the Report adheres to this principle is "Good".

Materiality: The Bank has a documented process of materiality assessment as defined in the Report which has considered inputs of internal and external stakeholders in arriving at material Aspects relevant to the Bank. In our view, the level at which the Report adheres to this principles is "Good".

Responsiveness: The Report has fairly responded to key stakeholder concerns and material aspects through its policies, processes, governance mechanisms and management systems. However the response needs to bring out the sustainability context and process of integration of material aspects within the Bank's organizational strategy and objectives. In our view, the level at which the Report adheres to this principle is "Acceptable".

Additional principles as per DNV GL's VeriSustain

Completeness: The Report has fairly attempted to disclose the General and Specific Standard Disclosures including the Disclosures on Management Approach covering the sustainability strategy, management approach, monitoring systems and sustainability performances indicators against the GRI G4 - 'in accordance' - Comprehensive option. The Report has brought out reasons for omissions and commitments to further strengthen systems for reporting related to some of the identified material Aspects and related performance indicators. In our view, the level at which the Report adheres to this principle is "Acceptable".

Neutrality: The disclosures related to sustainability issues and performances are reported in a neutral tone, in terms of content and presentation. In our view, the level at which the Report adheres to this principle is "Good".

Opportunities for Improvement

The following is an excerpt from the observations and further opportunities for improvement reported to the management of the Bank and are not considered for drawing our conclusion on the Report; however, they are generally consistent with the Management's objectives:

- Though the Bank has evaluated the materiality of Aspects identified within the GRI Guidelines to arrive at report content, it may further evaluate other topics relevant to the financial industry sector as part of its materiality determination process.
- In the subsequent reports, the reporting boundary may be extended to include the Bank's subsidiaries, associates and international operations;
- Subsequent reports may coherently bring out performance against the short, medium and long term objectives and targets related to material Aspects and topics for the benefit of stakeholders.

Our Competence and Independence

We are a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. We were not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality towards any people interviewed during the verification process.

 <p>Mithu Ghose Project Manager DNV GL Business Assurance India Private Limited, India</p>	 <p>Vadakepatth Nandkumar Technical Reviewer Regional Sustainability Manager – India, Bangladesh, Sri Lanka DNV GL Business Assurance India Private Limited, India.</p>
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Bengaluru, India, 12th October 2015



ANNEXURES

ANNEXURE 1– LIST OF STAKEHOLDERS

Owners	Investors, Shareholders, Agents, Analysts and Rating Agencies
Customers	Direct Customers, Indirect Customers
Employees	Current employees, potential employees, retirees, representatives and dependents
Industry	Suppliers, Vendors, Competitors, Industry associations, Industry opinion leaders and Media
Community	Residents near branches and offices, Chambers of Commerce, resident associations, community organisations and special interest groups
Environment	Ecologists, advocates and NGOs
Government	Public authorities, local policymakers, Regulators, opinion leaders
Civil Society	NGOs, beneficiaries, partner agencies, labour unions

ANNEXURE 2– LIST OF ASPECTS

Economic	Economic Performance, Market Presence, Indirect Economic Impacts, Procurement Practices
Environmental	Energy, Materials, Water, Emission, Effluents and Waste, Transport, Products and Services, Compliance
Labour Practices and Decent Work	Employment, Diversity and Equal Opportunities, Training and Education, Occupational Health and Safety, Equal Remuneration for Men and Women, Labour Practices Grievance Mechanisms
Human Rights	Investment, Child Labour, Forced or Compulsory Labour, Security Practices, Freedom of Association and Collective Bargaining
Society	Local Communities, Anti-Corruption, Public Policy, Compliance, Anti-Competitive Behavior, Grievance Mechanisms for Impacts on Society
Product Responsibility	Customer Health and Safety, Product and Service Labeling, Customer Privacy, Marketing Communications, Compliance

CONTENT INDEX : GRI G4 IN ACCORDANCE – COMPREHENSIVE

Indicator	Standard disclosure	Referenc chapter	Page number	Explanation
GENERAL STANDARD DISCLOSURE				
STRATEGY AND ANALYSIS				
G4-1	Statement from the most senior decision-maker of the organisation.	Message from the Managing Director Message from the Deputy Managing Director	Page 1 Page 2	
G4-2	Description of key impacts, risks, and opportunities.	Key Risks and Opportunities	Page 41-42	
ORGANISATIONAL PROFILE				
G4-3	Name of the organisation.	Our Beginning	Page 3	
G4-4	Primary brands, products, and/or services.	Our Products and Services	Page 3	
G4-5	Location of organisation's headquarters.	Annual Report 2014-15	Page 12	
G4-6	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Annual Report 2014-15	Page 21-22	
G4-7	Nature of ownership and legal form.	Our Beginning	Page 3	
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Our Beginning	Page 3	
G4-9	Scale of the reporting organisation.	Our Reach Employees	Page 3 Page 36	
G4-10	Total workforce by employment type, employment contract, and region, broken down by gender.	Employees	Page 36	
G4-11	Percentage of employees covered by collective bargaining agreements.	Employees	Page 36	
G4-12	Description of Organisation's supply chain.	Suppliers	Page 33	
G4-13	Significant changes during the reporting period regarding size, structure, or ownership.	Message from the Managing Director Our Rural Presence	Page 1 Page 19	

G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Screening of Investments	Page 30	
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Principles of Governance Energy and Emissions	Page 12 Page 32	
G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	-	-	HDFC Bank is member of the Indian Banks' Association (IBA)

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	All entities included in the organisation's consolidated financial statements or equivalent documents.	Scope and Boundary	Page 7	
G4-18	Process for defining report content.	Scope and Boundary	Page 7	
G4-19	Identify all the material aspects in the process for defining report content	Materiality Assessment	Page 8	
G4-20	Report the Aspect Boundary within the organisation	Materiality Assessment	Page 10	
G4-21	Report the Aspect Boundary outside the organisation	Materiality Assessment	Page 10	
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	-	-	There are no restatements of information provided in previous reports
G4-23	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	-	-	No significant changes from previous reporting period

STAKEHOLDER ENGAGEMENT				
G4-24	List of stakeholder groups engaged by the organisation.	Materiality Assessment	Page 8	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Materiality Assessment	Page 8	
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Valuing our Stakeholders	Page 31	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Valuing our Stakeholders	Page 33-40	
REPORT PROFILE				
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided.	About the Report	Page 7	
G4-29	Date of most recent previous report (if any).	About the Report	Page 7	
G4-30	Reporting cycle (annual, biennial, etc.)	About the Report	Page 7	
G4-31	Contact point for questions regarding the report or its contents.		Page 44	
G4-32	Table identifying the location of the Standard Disclosures in the report.	About the Report	Page 7	
G4-33	Policy and current practice with regard to seeking external assurance for the report.	About the Report	Page 7	
GOVERNANCE				
G4-34	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Board of Directors Committees of the Board	Page 13	
G4-35	Process for delegating authority for economic, environmental and social topics from the	Committees of the Board	Page 13	

	highest governance body to senior executives and other employees			
G4-36	Whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics	Committees of the Board CSR Policy	Page 13	
G4-37	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Committees of the Board	Page 13	
G4-38	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Board of Directors Annual Report 2014-15	Page 13 Page 12	
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer.	Board of Directors Annual Report 2014-15	Page 13 Page 12	
G4-40	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Board of Directors	Page 13	
G4-41	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Board of Directors Annual Report 2014-15	Page 13 Page 30	
G4-42	The highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Board of Directors Committees of the board CSR Policy	Page 13	
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of	Employee Training and Development	Page 38	

	economic, environmental and social topics.			
G4-44	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	-	-	Currently no such linkage exists.
G4-45	Procedures of the highest governance body for overseeing the organisation's management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards.	Board of Directors Committees of the Board	Page 13	
G4-46	Role of the highest governance body in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics.	Board of Directors Committees of the Board	Page 13	
G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Board of Directors Committees of the Board	Page 13	
G4-48	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered.	Committees of the Board CSR Policy	Page 13	
G4-49	The process for communicating critical concerns to the highest governance body.	Committees of the Board	Page 13	
G4-50	The nature and total number of critical concerns communicated to the highest governance body and the mechanism(s) used to address them.	-	-	Omission due to confidential nature of information.
G4-51	Report the remuneration policies for the highest governance body and senior executives covering fixed and variable pay, sign-on bonuses, termina-	Annual Report 2014-15	Page 57	

	tion pay, retirement benefits and also how performance criteria of these policies relate to the executives' social and environmental objectives.			
G4-52	Report the process for determining remuneration, if any remuneration consultants are employed.	Annual Report 2014-15	Page 30	
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	-	-	Currently no such linkage exists
G4-54	Report the ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees.	Rewards and Recognitions	Page 39	
G4-55	Report the ratio of the increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees.	Annual Report 2014-15	Page 57	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-56	Organisation's values, principles, standards and norms of behavior such as codes of conduct and code of ethics	Principles of Governance	Page 12	
G4-57	Report the mechanisms for seeking advice on ethical and lawful behavior and matters related to organisational integrity	Employee Training and Development	Page 38	
G4-58	Report the mechanisms for seeking advice on unethical and unlawful behavior and matters related to organisational integrity	Principles of Governance	Page 12	

SPECIFIC STANDARD DISCLOSURE

CATEGORY : ECONOMIC

ASPECT : ECONOMIC PERFORMANCE

G4-DMA	Generic Disclosures on Management Approach	Our Financial Performance	Page 11	
G4-EC1	Direct economic value generated and distributed	Our Financial Performance	Page 11	
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Key Risks and Opportunities	Page 41-42	We are in the process of establishing systems to calculate the financial implications of climate change. We will be reporting this information going forward.
G4-EC3	Coverage of the organisation's defined benefit plan obligations	Annual Report 2014-15	Page 191	
G4-EC4	Financial assistance received from government			No assistance received.

CATEGORY : ENVIRONMENTAL

ASPECT : MATERIALS

G4-DMA	Generic Disclosures on Management Approach	Caring for the Environment	Page 30	
G4-EN1	Materials used by weight or volume	Paper Conservation	Page 31	Paper is the material used in significant quantities
G4-EN2	Percentage of materials used that are recycled input materials			Not available as amount of recycled paper is currently not tracked.

ASPECT : ENERGY

G4-DMA	Generic Disclosures on Management Approach	Energy and Emissions	Page 32	
G4-EN3	Energy consumption within the organisation	-	-	
G4-EN4	Energy consumption outside of the organisation	Energy and Emissions	Page 32	This data is not tracked currently.
G4-EN5	Energy intensity	Energy and Emissions	Page 32	
G4-EN6	Reduction of energy consumption	Energy and Emissions	Page 32	
G4-EN7	Reductions in energy requirements of products and services	-	-	This data is not tracked currently.

ASPECT : EMISSIONS

G4-DMA	Generic Disclosures on Management Approach	Energy and Emissions	Page 32	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Energy and Emissions	Page 32	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Energy and Emissions	Page 32	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Energy and Emissions	Page 32	
G4-EN18	Greenhouse gas (GHG) emissions intensity	Energy and Emissions	Page 32	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	-	-	Not material as HDFC Bank belongs to the service sector and has negligible impact
G4-EN20	Emissions of ozone-depleting substances (ODS)	-	-	Not material as HDFC Bank belongs to the service sector and has negligible impact
G4-EN21	NOX, SOX, and other significant air emissions	-	-	Not material as HDFC Bank belongs to the service sector and has negligible impact

ASPECT : EFFLUENTS AND WASTE

G4-DMA	Generic Disclosures on Management Approach	Energy and Emissions	Page 32	
G4-EN22	Total water discharge by quality and destination	-	-	Not material as HDFC Bank belongs to the service sector and has negligible impact
G4-EN23	Total weight of waste by type and disposal method	Energy and Emissions	Page 32	
G4-EN24	Total number and volume of significant spills	-	-	Not material as HDFC Bank belongs to the service sector and has negligible impact
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	-	-	Not material as HDFC Bank belongs to the service sector and has negligible impact

G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff	-	-	Not material as HDFC Bank belongs to the service sector and has negligible impact
ASPECT : COMPLIANCE				
G4-DMA	Generic Disclosures on Management Approach	Caring for the Environment	Page 30	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	-	-	No fines for non-compliance with environmental laws and regulations
CATEGORY : SOCIAL				
SUB CATEGORY : LABOUR PRACTICES AND DECENT WORK				
ASPECT : EMPLOYMENT				
G4-DMA	Generic Disclosures on Management Approach	Employees	Page 36	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Employees	Page 36	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Employees Employee Engagement	Page 36 Page 39	
G4-LA3	Return to work and retention rates after parental leave, by gender	Gender Equality and Non-Discrimination	Page 37	We will be reporting on the retention rates in the coming years.
ASPECT : TRAINING AND EDUCATION				
G4-DMA	Generic Disclosures on Management Approach	Employee Training and Development	Page 38	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Employee Training and Development	Page 38	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Employee Training and Development	Page 38	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Rewards and Recognition	Page 39	

ASPECT : DIVERSITY AND EQUAL OPPORTUNITY

G4-DMA	Generic Disclosures on Management Approach	Gender Equality and Non-Discrimination	Page 37	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Gender Equality and Non-Discrimination Board of Directors Annual Report 2014-15	Page 37 Page 13 Page 221	

SUB CATEGORY : HUMAN RIGHTS

ASPECT : INVESTMENT

G4-DMA	Generic Disclosures on Management Approach	Screening of Investments	Page 30	
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Screening of Investments	Page 30	
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Employee Training and Development	Page 38	

SUB CATEGORY : SUB CATEGORY : SOCIETY

ASPECT : LOCAL COMMUNITIES

G4-DMA	Generic Disclosures on Management Approach	Social Investments	Page 19	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Shouldering Responsibility	Page 25	
G4-SO2	Operations with significant actual and potential negative impacts on local communities	Caring for the Environment	Page 30	

ASPECT : ANTI-CORRUPTION

G4-DMA	Generic Disclosures on Management Approach	Principles of Governance	Page 12	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Compliance	Page 12	

G4-SO4	Communication and training on anti-corruption policies and procedures	Employee Training and Development	Page 38	
G4-SO5	Confirmed incidents of corruption and actions taken	Principles of Governance	Page 12	
ASPECT : ANTI-COMPETITIVE BEHAVIOR				
G4-DMA	Generic Disclosures on Management Approach	Principles of Governance	Page 12	
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes			None
ASPECT : COMPLIANCE				
G4-DMA	Generic Disclosures on Management Approach	Principles of Governance	Page 12	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations			None
SUB CATEGORY : PRODUCT RESPONSIBILITY				
ASPECT : PRODUCT PORTFOLIO				
DMA	Generic Disclosures on Management Approach	Screening of Investments	Page 30	
G4-FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/sme/large) and by sector	Annual Report 2014-15	Page 207	
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Screening of Investments	Page 30	
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Screening of Investments	Page 30	
ASPECT : PRODUCT AND SERVICE LABELING				
G4-DMA	Generic Disclosures on Management Approach	Customers	Page 34	
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such	Customers	Page 34	

G4-PR4	information requirements Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes			None
G4-PR5	Results of surveys measuring customer satisfaction	Customer Grievance Redressal Mechanism Quality Service Mechanism	Page 34 Page 34	

ASPECT : MARKETING COMMUNICATIONS

G4-DMA	Generic Disclosures on Management Approach	Valuing our Stakeholders	Page 33	
G4-PR6	Sale of banned or disputed products			None
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes			None

ASPECT : CUSTOMER PRIVACY

G4-DMA	Generic Disclosures on Management Approach	Data Security and Customer Privacy	Page 35	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Customer Grievance redressal Mechanism	Page 32	

ASPECT : COMPLIANCE

G4-DMA	Generic Disclosures on Management Approach	Compliance	Page 12	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Annual Report 2014-15	Page 212	

ASPECT : COMPLIANCE

DMA	Generic Disclosures on Management Approach	Screening of Investments	Page 30	
G4-FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	Screening of Investments	Page 30	
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	Screening of Investments	Page 30	

50TH BRANCH IN CHHATTISGARH



100TH BRANCH IN CHENNAI



100TH BRANCH IN ANDHRA PRADESH



125TH BRANCH IN RAJASTHAN



150TH BRANCH IN TELANGANA



150TH BRANCH IN KERALA



200TH BRANCH IN TAMIL NADU



400TH BRANCH IN MAHARASHTRA





We understand your world